



## 2002/03 Proposed Operating Budget

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Gus Morrison, Mayor  
Judy Zlatnik, Vice Mayor  
Bob Wasserman, Councilmember  
Bill Pease, Councilmember  
Steve Cho, Councilmember

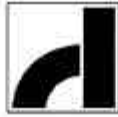
### **Executive Management Team**

Jan Perkins, City Manager  
Harvey Levine, City Attorney  
Dave Millican, Deputy City Manager/Chief Financial Officer  
Lynn Macy, Assistant City Manager/City Clerk  
Lynn Dantzker, Assistant City Manager  
Craig Steckler, Police Chief  
Ron Coleman, Fire Chief (Interim)  
Nancy Carlson, Human Resources Director  
Daren Fields, Economic Development Director  
Dave Jensen, Chief Technology Officer  
Jack Rogers, Maintenance & Recreation Services Director  
Suzanne Shenfil, Human Services Director

### **Budget Team**

Mark Moses, Financial Services Manager  
Ray Durant, Budget and Accounting Manager  
Jim Becklenberg, Budget Officer (Acting)  
Lisa Goldman, Intergovernmental Relations Manager  
Sheela Dasari, Special Assistant  
Kim Pedersen, Executive Secretary/Graphics Specialist





GOVERNMENT FINANCE OFFICERS ASSOCIATION

# *Distinguished Budget Presentation Award*

PRESENTED TO

**City of Fremont  
California**

For the Fiscal Year Beginning  
**July 1, 2001**

*Samuel M. Moore*  
President

*Jeffrey R. Brown*  
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Presentation to the City of Fremont for its annual budget for the fiscal year beginning July 1, 2001.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. This is the fifth consecutive year the City has won the award. We believe our current budget continues to conform to program requirements.

## **Acknowledgments**

Putting together a budget requires a great deal of effort from many people. The City Manager and Budget Team would like to thank the Budget and Accounting Services Staff, Department Budget Coordinators and others for their invaluable assistance:

### **Budget and Accounting Services Staff**

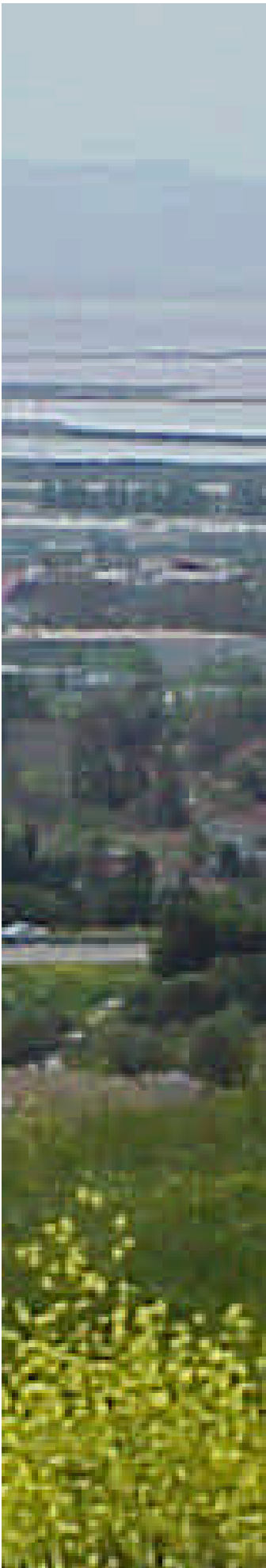
Anita Andaya  
Ettia Bollack  
Corina Campbell  
Norma Cutter  
Tricia Fan  
Jan Hoyles  
Tish Saini  
Ellen Zhou

### **Department Budget Coordinators**

Don Amyx	Renée Elliott
Susan Aro	Lisa Goldman
Gloria Arredondo	Kelly McGary
Cheryl Bourne	Teri Killgore
Charlie Caulfield	Dan Schoenholz
Catherine Chevalier	Derek Speck

### **Thanks also to:**

Harriet V. Commons  
Gloria del Rosario



May 21, 2002

**Honorable Mayor, City Council, and members of the Fremont community:**


I am pleased to present the City of Fremont's Fiscal Year 2002/03 Operating Budget and Five-Year Financial Plan. The recommended \$121.2 million General Fund budget represents a 2% decrease in spending over the FY 2001/02 adjusted budget. The adjusted budget incorporates several structural changes that make comparisons with the proposed budget easier. These changes are described in depth on pages 81-84 of this budget document.

The budget provides the resources necessary to maintain the high-quality services Fremont's citizens and businesses expect, but it provides very little capacity for program expansion or increased capital investment. Our restraint reflects the uncertainty we face with regard to the local economy and the State's large budget deficit, currently estimated at \$22 billion. With this in mind, the recommended budget focuses on the basics:

- **Maintain service levels:** The budget contains funding for all current services.
- **Keep prior commitments:** The budget contains full funding of the enhanced maintenance program adopted in the 2001-06 Capital Improvement Program/Integrated Capital Assets Plan (CIP/ICAP), and \$200,000 for staff and furnishings required for the new teen center.
- **Preserve the quality of the workforce:** The budget contains funding for all employee salary and benefit increases.
- **Save money:** After including standard increases for salary and non-salary expenditures, departments' budgets have been reduced by an average of 2% to adjust to slower revenue growth and ensure long-term fiscal responsibility.

The lessons of the last recession prepared us to manage through the current economic turbulence with minimal effects on service. However, this budget does not accommodate the potential loss of millions more in State-controlled local revenue that could emerge as part of the State's budget solution. In this event, we would be forced to revisit the commitments currently preserved in the recommended budget. I am confident that the City is prepared to work creatively to solve any problem, and I look forward to meeting the challenges ahead while pursuing our ambitious work program for FY 2002/03.

Respectfully submitted,



Jan Perkins  
City Manager



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# **Guide to the Document**

The budget is a spending plan for the financial resources available to the City. Through these resources, services are provided to meet the needs of Fremont's residents. The City Council and City staff respond to the community's needs in part through the budget. It balances not only revenues and costs, but also community priorities and interests.

## **Document Organization**

### **Budget Overview**

The City Manager's Budget Overview summarizes the budget in two major sections. The first section sets the context for budget decisions by describing the conditions affecting the budget. It outlines major initiatives underway, challenges for the next year, and accomplishments of the prior year. The second section of the Budget Overview focuses on the financial implications of the budget. It summarizes the financial components, including revenue trends and significant new expenditures.

### **Strategic Plan**

In 2002, the City Council adopted a Strategic Plan that outlines a vision for the long-term future of Fremont and proposes strategies and short-term goals for achieving them. This section presents the plan, a summary of prior year accomplishments, and FY 2002/03 service objectives that support the strategic plan.

### **Summary Information**

This section of the document gives the reader an overall picture of the City and the budget. It includes a description of the community, an organization chart, summary financial tables, and a summary of departmental budgetary changes and Citywide position changes.

### **General Fund**

Local government budgets are organized by funds in order to segregate and account for restricted resources. Each fund is a separate accounting entity. The General Fund provides the majority of resources for most of the services cities typically offer, and includes financial resources expended for public safety and for general support services needed for City operations.

### **Five-Year Forecast**

Fremont's five-year forecast is an important tool in the City's long-range financial planning. The economic recession of the early 1990s highlighted the importance of monitoring projected revenues and future expenditures to ensure that any added ongoing costs can be met with realistic future revenue streams. The five-year forecast is updated after the first quarter and at mid-year, and again during budget development for the following year, using the most current information available.

## Other Funds

The Other Funds section contains information regarding non-General Fund sources of revenue. These funds are grouped into Cost Centers/Internal Service, Special Revenue, Redevelopment Agency, and Capital. A description of each of these types of funds is provided in this section, along with a financial summary.

## Departmental Detail

The majority of the budget document is divided into departmental sections. Different types of information, both financial and narrative, are provided for each area. Each section contains the following information:

- **Mission Statement**
- **Description of Responsibilities and Services** - The purpose of this paragraph is to give the reader an understanding of the scope and breadth of the ongoing functions and responsibilities of a service area.
- **Service Objectives** - A list of objectives for each department is given.
- **Sources of Funding** - This information is in graphic form and illustrates the funds from which the department receives financial resources. Funds other than the General Fund contribute to the costs of administrative departments of the City through interfund transfers to the General Fund. This contribution is shown on the charts as “overhead charges to other funds.”
- **Financial Summary** - This financial table gives the salary and benefits, operating, and capital costs associated with the department for FY 2002/03. It also provides historical information so the reader can examine trends and previous funding levels.
- **Major Budget Changes** - A description is provided of the major budget increases and decreases when compared with the previous year’s budget.
- **Staffing** - A historical staffing graph shows the level of staffing for each area. Trends are easily identified. In addition, an organization chart is included that displays individual positions and titles.

## Staffing

This section contains a listing of all authorized positions by department and also provides historical staffing information.

## Policies

This section details budget and financial policies adopted or proposed to be adopted by the City Council.

## The City of Fremont’s Capital Plan

The Capital Improvement Program/Integrated Capital Assets Plan (CIP/ICAP) was adopted by the City Council on June 12, 2001, and includes appropriations for projects for FYs 2001/02 and 2002/03. These funds are included with the operating budget in summary to present a comprehensive picture of all the funds of the City and to reflect fund transfers approved between other operating funds and capital funds. The CIP/ICAP funds are described in the Capital Funds section, along with a summary of capital expenditures by program area and a description of some key projects.



# Budget Practices and Policies

## Basis of Accounting

The budget is adopted on a modified accrual basis of accounting, consistent with generally accepted accounting principles. Under the modified accrual basis, revenues are recognized when they are susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

## Basis of Budgeting: Expenditure Control Budgeting

During FY 1999/00, the City initiated an Expenditure Control Budgeting system (ECB) for the General Fund. The system provides departments with a formula-driven funding mechanism, thus enhancing their ability to extend their planning horizons. In addition, departments are allowed to preserve a portion of budget savings for use in future years. The ECB system includes the following main elements:

- **Base Budget:** Each department receives an annual appropriation sufficient to fund current service levels and any other costs the department is responsible for managing. The base budget for FY 2002/03 involves taking the adopted budget from FY 2001/02, reducing it for any one-time appropriations the department received, adding an inflation factor for cost increases to account for the results of negotiated bargaining unit agreements and inflation, and then adding any newly approved appropriations.
- **Index:** Department base budgets are increased annually by a Council-approved index to reflect the increased cost of providing services. For FY 2002/03, the index for non-salary costs is 2.53%, the December 2000-December 2001 CPI for the San Francisco-Oakland-San Jose area minus 1%. The salary line items increase according to the agreement with each bargaining unit. Departments may then allocate these resources to maintain their service levels and meet department objectives. With budgetary growth set by the index, department managers know the following year’s budget months in advance and can plan the use of resources with considerable forethought.
- **Carry-forward:** With approval of the City Manager, departments may retain a portion of prior years’ savings (i.e., appropriations minus expenditures) and carry this savings into the next fiscal year to fund activities consistent with City Council priorities. This mechanism promotes long-term planning and prudent use of General Fund resources, and counteracts a “use it or lose it” mentality that can result in unnecessary spending. Departments may keep 25% of the savings from the FY 2001/02 budget. Seventy-five percent of General Fund savings will revert to the General Fund fund balance for programming in the five-year budget forecast.

- **Assigned Revenues:** The General Fund receives revenues from a variety of sources, including sales and property tax, interest income, vehicle license fees, and charges for services. The City charges for some services at a rate that cannot exceed the cost to provide the service. Several departments charge for services such as hazardous materials checks, animal vaccinations and sterilization services, and counseling. In traditional budgeting, all revenues are deposited in a city's General Fund and support the work of city departments. Under ECB, revenues still support the cost of city departments, but departments which generate fees and permit revenues prepare an estimate, with the technical support of the Budget Office, of the amount to be generated in the next fiscal year. Any amount generated above the estimate will increase a department's carry-forward balance by 25% of the excess amount. If actual revenues are lower than the estimate, the department's carry-forward balance is decreased by that amount. This budgetary incentive improves management of those revenues associated with their operations.

### **Long-Range Financial Planning**

The City maintains a five-year forecasting model for operating revenues and expenditures and produces a five-year capital plan, which includes debt service. The five-year operating forecast is updated continuously and presented to the City Council after the first quarter of operations each year, at mid-year, and during the budget process for the next fiscal year. The City's capital plan is updated every two years.

### **Reserves**

The General Fund maintains reserves with specific policies. The Contingency Reserve and Program Investment Reserve were both adopted by the City Council on June 4, 1996. The third reserve, called the Budget Uncertainty Reserve, is proposed for FY 2002/03.

- **Contingency Reserve Policy**

The City maintains a Contingency Reserve for operations to help mitigate the effects of unanticipated situations such as (1) economic downturns, (2) loss of revenues to or imposition of additional costs by other governmental agencies, (3) errors in financial forecasting, and (4) natural disasters. The Contingency Reserve also provides back-up liquidity to the Risk Management Fund.

The Contingency Reserve is funded at a level at least equal to 12.5% of annual operating expenditures and transfers out. All uses of the Contingency Reserve are approved by the City Council. Any such uses are repaid to the Contingency Reserve over a period of no more than three years.

- **Program Investment Reserve Policy**

The City maintains a Program Investment Reserve to provide a source of working capital for (1) new programs or projects that have the potential for receiving significant funding from outside sources; and (2) organization retooling, process improvement, and strategic entrepreneurial opportunities. The Program Investment Reserve is funded at a level at least equal to 2.5% of annual operating expenditures and transfers out. All uses of the Program Investment Reserve are approved by the City Council. Any such uses are repaid to the Program Investment Reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years.

- **Budget Uncertainty Reserve Policy**

The FY 2002/03 budget contains a new reserve, intended to be temporary, that is initially funded at \$6.2 million. The purpose of the Budget Uncertainty Reserve is to support expenditure reduction targets and more aggressive revenue collection assumptions. If the City does not meet the revenue projections as a result of our more aggressive assumptions, the new contingency will be a source with which to offset the shortfall without having to respond with an immediate budget reduction. If the City suffers a permanent loss of revenue through restructuring of local government finance, this reserve will assure an orderly transition to lower expenditure levels.

The unspent portion of the reserve will be reconsidered each year for continuation or elimination. If eliminated, the unspent funds will be designated for capital projects, budgeted for service enhancement, or returned to the General Fund available fund balance.



# Budget Process and Calendar

The budget process enables the City Council to make resource allocation decisions, including choices about staffing, technology, equipment, and priorities to be addressed in the coming fiscal year. Although the City Council first reviews the budget in May, the Finance Department and other departments begin to prepare it at least six months prior, along with projections of City revenues, assessment of City needs, and an understanding of the City's financial position.

## Budget Process

The City of Fremont's Annual Operating Budget is adopted by the City Council by July 1 of each fiscal year. In producing the budget document, the Budget Team receives input from the public, City Council, and staff from throughout the organization.

From November to March, the City Manager and the Executive Management Team establish objectives for change and improvement in the upcoming year. These are found in the departmental sections of this document. Using these and the Finance Department's projections of revenues and expenditures, each department prepares a proposed budget. The Budget Team works closely with department managers to ensure that within budgetary constraints, budgets reflect the City Council's interests, priorities and departmental goals.

Several weeks before the budget is scheduled to be adopted, the City Manager presents information to the City Council and the public about departmental accomplishments in the current fiscal year and goals for the coming fiscal year. Budget documents are available for the public at the public hearings, the City Clerk's Office, public libraries, and through coverage by the local press.

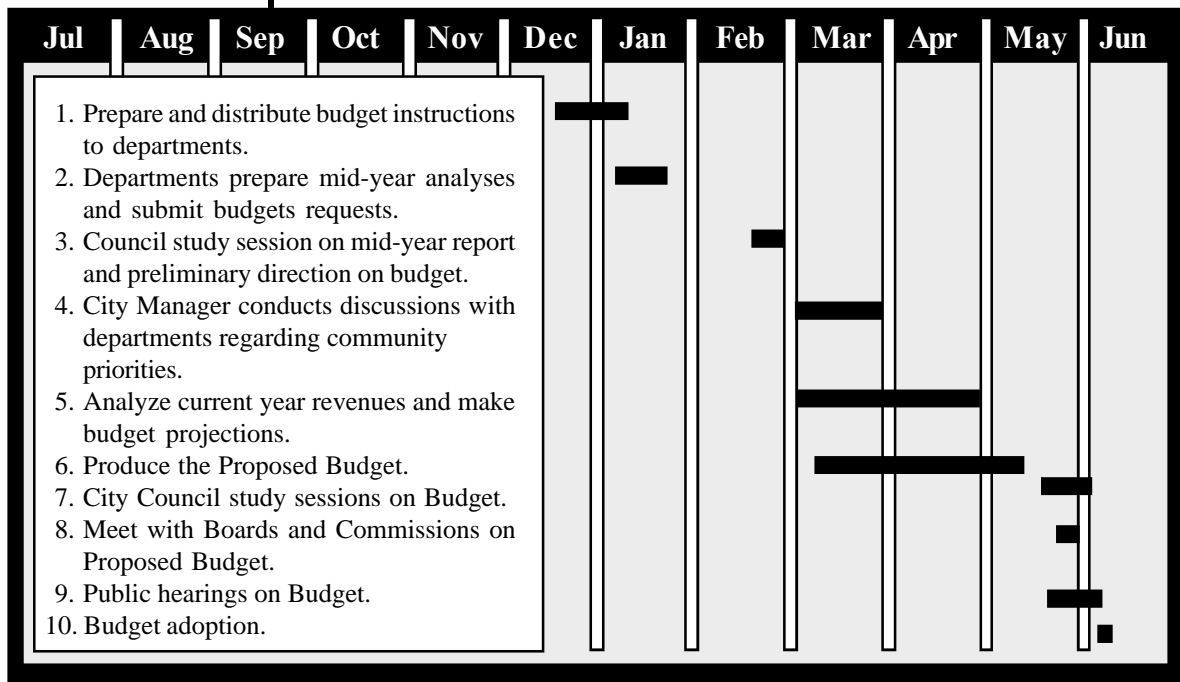
The City Manager presents the budget to the City Council in a televised public forum. Included in the City Manager's presentation are an update of the City's financial position and long-range plan; a review of the national, state, and local economies and discussion of financial policies; and an update on department activities. After reviewing the proposed budget and receiving public comment at public hearings, the City Council may direct staff to revise the proposed budget. On or before June 30, the City Council votes to adopt the budget, including any amendments to the proposed budget that may occur. At any meeting after the adoption of the budget, the City Council may amend or supplement the budget.

Upon final adoption, the budget becomes the legal authorization for the various departments to expend revenues, subject to any controls established by the City Manager and City Council. The City Council has adopted several financial and budgetary policies, which address debt, reserves, and spending authorizations, and which help guide long-term planning. These are found in the "Policies" section of this document.

## Citizen Participation

Citizens are encouraged to participate in the budget planning process through a variety of avenues, such as participating in Council-appointed boards and commissions, by attending budget study sessions and public hearings, or by meeting with City staff. Study sessions, which are open to the public, are held to report on the City's budget one quarter into the fiscal year and again at mid-year. Policy issues that may affect the upcoming budget are raised at these sessions.

Public hearings on the budget occur at the end of May and the beginning of June. Citizens have the opportunity to speak about the budget issues at these hearings and at any City Council meeting during the year. All Council meetings and budget study sessions are televised on the local cable access channel.



## **Adoption of the Budget**

The City Council will hear a presentation of the City Manager's proposed FY 2002/03 budget at a televised study session on May 21, 2002.

Televised public hearings will be held on May 28 and June 4, 2002. Adoption of the Budget is scheduled for June 4, 2002. Adoption of the Redevelopment Agency's budget is also scheduled for June 4, 2002.

|



### Honorable Mayor and Members of the City Council:

On September 11, 2001, our nation witnessed a great tragedy unfold in New York, Virginia, and Pennsylvania. We sat riveted to our televisions, watching live pictures of unknown terrorists attacking our financial and military capitals, and we feared for the safety of our nation. Since then, we have grieved for the more than 2,800 people who lost their lives in the attacks, and we have mourned the loss of our sense of security and invulnerability. We have also celebrated the heroism of those from all walks of life who rushed to help in whatever way they could on that terrible day and the days following.

Although Fremont is a continent away from the sites of the attacks, we were all profoundly affected by the tragedy. On September 14, just three days after the attacks, the City held a candlelight ceremony and Community Memorial Service to remember the victims and to show that Fremont's unity is one of our community's greatest strengths. The ceremony included words of comfort by elected officials, our Police and Fire Chiefs, community members, and religious leaders from many different faith communities, as well as honor guards from local veterans groups and our Police and Fire Departments. The memorial service drew several thousand participants and was a true reflection of the acceptance of diversity within the Fremont community.



*The City of Fremont held a National Day of Prayer and Remembrance observance in Central Park to honor those who lost their lives in the tragic events of September 11<sup>th</sup>. The event featured speeches from community and religious leaders, singing, and a candle lighting ceremony.*

The September 11 attacks affected not only our sense of physical security, but also our sense of economic security. Last year, the budget message was one of cautious optimism. Although the California economy was beginning to falter, Fremont was relatively insulated from the downturn thanks to the variety of our businesses and the city's strong real estate market. This year, there is a great deal of uncertainty surrounding the budget. The downturn we started to see last year became an actual recession, one that hit California, especially Silicon Valley, particularly hard and that was exacerbated by the events of September 11. Just like it has with the rest of the nation, the recession has taken a toll on the City's revenues, leaving us with approximately \$600,000 less in revenues, excluding transfers in, than we projected last year.

In addition, the State is facing an estimated deficit of \$22 billion this year. Although the Governor has promised not to balance the budget on the backs of local government, we remember what happened when the State was in serious trouble ten years ago. This year, we are particularly concerned about potential cuts to the Vehicle License Fee (VLF) backfill. When the Legislature cut the fee paid by vehicle owners in 1999, a fee that traditionally has been a local government revenue, they promised to reimburse cities for the lost revenue. The amount of State funding paid to local governments to make up for the tax reduction approved by the Legislature is called the VLF backfill. This year, the VLF backfill accounts for \$3.7 billion of the State's budget, and it may prove to be an irresistible State target. In Fremont, the VLF backfill accounts for approximately \$8 million annually, or 7% of the General Fund budget. Such a large cut in local revenues would have serious consequences for our service levels, capital projects, and reserves.

Thanks to careful budgeting and planning, the City will be able to manage through the recession and balance its budget in FY 2002/03. As we have done in the current fiscal year, we will hold some positions vacant and delay initiating any new programs, while still funding those core city services Fremont's residents and businesses value.

Funding for Police and Fire accounts for approximately 54% of the City's General Fund operating budget. We will maintain this important commitment in the upcoming fiscal year, with a renewed focus on the importance of security and disaster response, to ensure that Fremont remains one of the safest large cities in the nation. We will also continue to fund the maintenance budget at its current level of approximately 18% of the City's General Fund operating budget. Our streets, public buildings, medians, trees, and parks are valuable assets, and our commitment to routine and preventive maintenance will ensure that they are safe and attractive for the entire Fremont community to use and enjoy.

We have an ambitious work program for FY 2002/03, one that we will carry out enthusiastically. As we look for innovative ways to deliver services to our residents and businesses, we will also work toward fulfilling the City Council's long-term goals for Fremont: a dynamic local economy, an engaged and connected multicultural community, thriving neighborhoods, a range of housing to match a variety of jobs so that people can live and work locally, interesting places and things to do, and effective transportation systems.

## Major City Initiatives

In early 2002, the City Council adopted a new vision for Fremont: “Fremont, in the year 2020, will be a globally connected economic center with community pride, strong neighborhoods, engaged citizens from all cultures, and a superb quality of life.” At the same time, the City Council adopted a Strategic Plan that outlines a vision for the long-term future of Fremont and proposes strategies and short-term goals for achieving the vision. The following section highlights a number of important initiatives that will help us achieve the City Council’s vision for Fremont.

**Investing in Fremont:** In FY 2001/02, the City Council and staff focused on retaining existing businesses and attracting new companies. Although tough economic times limited the number of business expansions and new businesses locating in Fremont during the year, there were many positive developments.

The Fremont Hub, our main downtown shopping center, completed its renovation, and Target is planning to move into the old Montgomery Ward building in late 2002. Washington Hospital is also moving forward with developing a portion of its property (Washington West) for retail purposes, including adding a new Walgreens. Staff also anticipates that Catellus Development Corporation will submit an application in 2002 for additional retail uses at Pacific Commons.

ChipPac, a worldwide provider of semiconductor equipment and services, moved its world headquarters to Fremont, while New United Motor Manufacturing, Inc. (NUMMI) experienced a dramatic climb in production. During its first year of operation in Fremont in 1984, NUMMI produced 65,000 vehicles. This past year, the company produced an all-time high of 375,000 vehicles despite a downturn in auto production elsewhere.



*Despite the economic downturn, New United Motor Manufacturing, Inc. (NUMMI) experienced a dramatic climb in production.*



A strong local economy is key to a healthy Fremont. Staff continues to work with local companies through the City's corporate visits program, business newsletters, congratulatory letters, and active marketing of Fremont opportunities. The corporate visits help us learn about our local companies' future plans for growth and expansion within Fremont. The personal interaction also provides companies with contacts in the City of Fremont for inquiries, and helps City staff improve services by hearing about the things that matter most to businesses.

Last year, the City held its second Fremont Employment Expo to match local Fremont companies with Fremont's highly educated workforce. This event helps Fremont firms stay competitive in the marketplace and allows Fremont residents opportunities to match their skills with local companies and improve their quality of life by reducing commute times. The Employment Expo has proven so successful that the program was honored with a League of California Cities 2001 Helen Putnam Award for Excellence. A third Employment Expo is planned for the fall of 2002. In addition, the Fremont Facilities Forum, comprised of corporate facility managers, dealt with the energy crisis last summer, prepared for power blackouts and shortages, and participated in the City's Energy Task Force.

As part of the City's efforts to promote international commerce and Fremont as a place in which to do business, Fremont officials will lead a trade mission to Taiwan and China during the summer of 2002 in partnership with local companies and the Academy of Chinese Performing Arts. This outreach tool will nurture existing business relationships and make new corporate contacts. The California Technology, Trade and Commerce Agency is advising the City on the trade mission, which will include visits to companies and government officials in Taipei, the Hsin-chu Science Park, Beijing, Xi'an, and Shanghai.



*In 2001, the City implemented a new logo design.*

Marketing and communications will be a central part of the Office of Economic Development's activities in FY 2002/03. Last year, the City Council approved and adopted a new logo design developed as part of the City's new marketing strategy. The new logo is part of an overarching theme to update the City's image and to create a Fremont "brand" identity. A business plan for programming the City's municipal cable channel will be developed early in the year to use that media as an information resource for the community. In FY 2002/03, the City's internet site will be enhanced to include a property database program on vacant land and buildings in the business districts, demographic information, consumer spending patterns, and other data of interest to businesses and investors.

During the year, staff will expand the City's promotion of our business districts as destinations of choice. These districts include the redevelopment areas of Centerville, Irvington, and Niles, the historic commercial district of Mission San Jose, and employment-centered business districts such as Ardenwood, the West Industrial Area, and Warm Springs.

**Creating a Downtown:** The City Council adopted the Central Business District Concept Plan in September 2001. This plan clearly identifies a focus area within the central business district to set the context and framework for a vital new downtown for Fremont. The plan is intended to guide the City in creating places to “live, work, shop, eat, play and stay.” Implementing the plan will improve the City’s ability to attract the retail functions and tenants that are necessary to stimulate interest in downtown and to establish the area as a strong marketplace and a desirable destination.

The City retained a market analysis consultant in early 2002 to prepare a multi-staged retail strategy. The study will recommend retail positioning action steps for the downtown and each of Fremont’s retail/commercial nodes. The consultant will produce a detailed retail market assessment and retail strategy to begin creating a downtown, and staff will undertake the initial phases of the Council’s downtown vision.

**Strengthening Community:** In FY 2001/02, the Office of Neighborhoods and the Police Department launched an exciting new program, the Community Building and Engagement Initiative, which was approved by the City Council in June 2001. The initiative, which provides a number of strategies to further strengthen civic life in the community, has four broad goals: 1) strengthen the connections between neighbors at the block level, neighborhood, and citywide levels; 2) develop grassroots leadership and build skills; 3) strengthen youth involvement in community life; and 4) use new technology to connect residents to one another.

To kick off the initiative, the City hosted its first Community Engagement Summit on Saturday, October 13, 2001. More than 350 people attended the event, which featured 15 skills-building workshops, a community organization trade show, and speakers. Through the Summit, the City took an important step in creating the networks and connections that will help keep the Fremont community strong and improve our ability to work together to solve problems. The second Community Engagement Summit will be held in October 2002.

In June 2002, the City will take another important step toward implementing the initiative when the City and the Fremont Unified School District complete a five-year Service Learning Strategic Plan. Service Learning is one of the most important ways students learn about civic life and what it is to be a member of a community. In July 2002, “FremontOnline,” a website by and for active Fremont residents, will debut. The website was created by a partnership between community members and the City to serve as a resource for information and resources for building community and connecting grassroots leaders.

**Investing in Public Safety:** City staff continue to create innovative, collaborative approaches to public safety. The Police Department is moving toward a more proactive, team approach to Community Policing by developing a new training program for patrol officers and will continue important work with neighboring cities on task forces dealing with narcotics enforcement, stolen vehicles, theft in the technology industry, and gang violence suppression.

The new jail and property warehouse facility will open at the end of 2002. The facility will consolidate most Fremont Police functions on one campus and will enable more efficient operations to meet the growing demands of a large city.

The Police Department is also emphasizing increased traffic safety. The Automated Red Light Enforcement Program, which has been successful in reducing the incidence of red-light running at intersections with cameras, will be fully built-out next year. With the assistance of a grant from the State Office of Traffic Safety, the Police Department is nearing completion of an aggressive campaign to address driving under the influence (DUI) and driving on suspended licenses. The grant will expire in September 2002, and the City will meet the goal of conducting 24 DUI checkpoints and 48 suspended drivers' license enforcement efforts over the two-year period of the grant funding. Two police officers initially funded by the grant will be added to the Department's Traffic Unit to permanently bolster its effectiveness.

In June 2001, the City Council adopted the 2001-06 Capital Improvement Program/Integrated Capital Assets Plan (CIP/ICAP) to guide spending on capital projects and maintenance of infrastructure over the next five years. At the time the CIP/ICAP was adopted, staff identified more than \$50 million worth of unfunded public safety capital projects. The projects include: rebuilding old, inadequate fire stations in Niles, Centerville, and north Fremont; retrofitting and renovating the remaining seven fire stations; retrofitting and expanding the Police building; constructing a public safety training center, comprised of an indoor firing range for the Police Department, a training tower for the Fire Department, classrooms, and storage; and constructing an emergency operations center. Because the City's General Fund is unable to pay for these projects, and no other funding source has been found for them, the City Council directed staff at the FY 2001/02 First Quarter Budget Update to explore options for a public safety facilities revenue measure. Staff will return to the City Council in July 2002 with a recommendation on whether the City should place a public safety facilities revenue measure on the November 2002 ballot.



*City of Fremont Police and Fire Department Honor Guards at the September 14th event.*

**Preparing for Emergencies:** Over the last several years, the City has been focusing on expanding its emergency preparedness capacity. As a Nunn-Lugar-Domenici Domestic Preparedness Program city, Fremont has received specialized anti-terrorism response training and exercise facilitation and received a \$280,000 equipment grant to purchase special detection equipment, mass decontamination equipment, and increased inventories of personal protective equipment for first responders. In July 2002, Fremont will host the final exercise element of the Domestic Preparedness Program, a chemical weapons full-scale exercise in which all of the emergency personnel in Fremont, including outside agencies, respond to a simulated terrorist attack. The “victims” of the simulated attack will be decontaminated, treated, and transported to local participating hospitals.

In addition, the City will receive \$400,000 from the U.S. Department of Health and Human Services to develop the capability to immediately treat up to 1,000 victims of a terrorist attack. These funds will be used to purchase medications, medical supplies, and communication equipment. The funds will also be used to develop a comprehensive, coordinated plan for responding to terrorist incidents, including training first responders and ensuring that all public safety and health agencies in and around Fremont are prepared for a large-scale event. The City’s Disaster Management Operations Plan will be updated during the year to incorporate new information and to improve training of new employees.

The Police Department is working with the Office of Homeland Security and the California Police Chiefs Association in an effort to secure an appropriate distribution of homeland security funds to local governments in California. In response to the new Homeland Security Advisory System developed by the federal government, the Police Department is preparing a response plan to deal with each threat level and identifying possible locations for terrorist attacks in Fremont. Police staff are also working with the police departments in Union City and Newark to develop mutual aid response plans with respect to terrorist activities. The Police Department’s link with the California Anti-Terrorism Information Center enables the Department to communicate criminal intelligence information to police officers on a daily basis.



*City of Fremont firefighter Jeff Place and his dog Zack provided assistance at Ground Zero in New York City following the attacks of September 11, 2001.*



**Promoting Public Transit:** While traffic congestion in and through Fremont declined somewhat during the recession, public transportation continues to be an important priority for the City. The 5.4-mile Bay Area Rapid Transit (BART) extension from Fremont to Warm Springs is finally underway, thanks to an agreement between BART and the Santa Clara Valley Transportation Authority (VTA) that will bring BART to San Jose. Because the Warm Springs Extension will be the connecting link between Santa Clara County and the current BART system, VTA transferred money to BART to help close the funding gap for the extension. BART has now engaged an environmental consultant to update its 1992 Environmental Impact Report (EIR), and it has a general engineering consultant under contract for the project. Service to Warm Springs could begin as early as 2007.

As part of the update of the Warm Springs EIR, BART will study the optional Irvington Station site near the intersection of Washington Boulevard and Driscoll/Osgood Road. City staff has engaged BART staff in preliminary discussions regarding the location and design of the future Irvington BART station. Because no funding has been identified for an Irvington BART Station, the Redevelopment Agency and City Council will consider a redevelopment plan amendment that would provide the Redevelopment Agency with an opportunity to contribute to the financing of the Irvington BART station.

On November 9, 2001, the VTA Board of Directors approved the BART Extension to Milpitas, San Jose, and Santa Clara as its Preferred Investment Strategy for the Silicon Valley Rapid Transit Corridor. The BART Extension was selected following the completion of a Major Investment Study (MIS) that evaluated 11 transportation alternatives for the corridor, including express buses, bus rapid transit, commuter rail, diesel and electric light rail, and BART. The City of Fremont was an integral part of the MIS, participating



*The proposed BART extension to the Warm Springs district and on to San Jose continues to move closer to reality.*



at the Council level on the Policy Advisory Board and at the staff level on the Technical Advisory Committee.

Because federal and state laws require a formal review of projects that may affect the environment, VTA is preparing an Environmental Impact Statement (EIS) and an Environmental Impact Report (EIR) to identify short-term impacts related to project construction and long-term issues of the completed project. The environmental process began in January 2002, and VTA anticipates the EIS/EIR will be completed and certified by October 2003. The City will continue to participate at the Council and staff levels throughout the process.

**Maintaining Infrastructure:** In FY 2001/02, the Maintenance Services Division continued to improve staff productivity and maintenance activity costs. By tracking the cost of providing a maintenance activity against the workforce productivity report for the top 16 activities, staff is able to determine whether the same work is being performed at a higher level of efficiency. Last year, staff was able to measure a cost improvement of \$132,000 in the top 16 activities. For the 2001/02 fiscal year, staff estimates an overall savings (based on all service activity areas) of \$160,000 for all maintenance activities.

In FY 2002/03, additional maintenance activities will be included in the maintenance management system to improve efficiency and increase accountability.

The City is also in the process of constructing a new Maintenance Center on a 20-acre site on Osgood Road. Construction began earlier this fiscal year and is slated for completion in January 2004. The new center will occupy 14 acres of the site, leaving room for expansion when needed.

**Assisting Seniors:** In FY 2001/02, Human Services initiated two significant new programs for seniors. The California Department on Aging selected the City as a provider under the Multipurpose Senior Services Program (MSSP), which provides funding aimed at helping frail seniors continue residing in their own homes. City staff successfully ramped up the program in FY 2001/02, and it is now helping 61 local seniors live independently. Funding for this program will continue in FY 2002/03 and beyond. Human Services also received funding from Alameda County to provide services for seniors and others who serve as primary caregivers. With this money, Human Services has developed support groups and training for caregivers and can offer temporary respite and peer counseling to those who need it.

In FY 2001/02, the Council authorized staff to move forward with the design for the Northgate Community/Senior Center, a 16,000-square foot facility located on Paseo Padre Parkway at Milton. The design will be finalized in FY 2002/03, and construction is scheduled to begin the following year. Once finished, the Northgate Community/Senior Center will provide a broad range of services to seniors, including social and health services, nutrition, socialization, education, and recreation. The Center will also offer shared



*A committee of senior citizens, neighbors, parents and City staff assisted in the design of the new Northgate Community/Senior Center.*

space for seniors and other community members, providing a much-needed facility for residents of north Fremont.

Thanks to Alameda County's passage of Measure B, the half-cent sales tax for transportation, in 2000, the City will be able to vastly improve its paratransit services. In July 2002, the City will receive approximately \$700,000 in new funding for paratransit. This money will enable the City to set up a voucher program offering both taxi and lift-equipped van service to elderly and disabled residents who are unable to use or access the regional paratransit program operated by BART and AC Transit. In addition, the City hopes to expand its group trip program to provide weekly service to the Senior Center and shopping trips for residents of some senior apartment complexes. The shopping trips are particularly important because they provide social interaction for those seniors who may be socially isolated due to frailty and language barriers.

**Providing for Youth:** The City's Youth Opportunity and Employment Program conducted an extensive series of focus groups with teens in FY 2001/02 to help align services with the expectations of young people. Based on these focus group findings, the program will expand in FY 2002/03 beyond its traditional role of helping teens find jobs, and will offer more assistance with career planning, including moving more services into the high schools.

Our Youth and Family Services Division received funding from the Proposition 10 tobacco tax to begin an Early Childhood Education program at the Fremont Family Resource Center. This new program will provide families with young children with parenting assistance and access to a wide variety of resources. Research shows that early intervention like the Early Childhood Education program is the most effective way to help children succeed and thrive.

City staff from Recreation, Human Services, and Police have been working collaboratively with the School District on the City's Youth Action Plan. Phase I, which has been completed, consists of data that identifies and documents youth strengths and needs; profiles the current make-up of Fremont's young people; and identifies current service needs and focus areas for meeting those needs. The data was gathered from 2,424 Fremont youth in grades 5 through 12, parents, teachers, and youth service providers. The City now has statistical data and areas of focus to create a long-range plan that aligns youth services with youth needs in a thoughtful and proactive manner. Next steps for the plan include the development of an informational brochure to share the contents and themes from the needs assessment report with the community and ask how they can contribute to the success of addressing teen needs. In addition, as staff prepares for the opening of the teen center, information from the surveys will help program activities and workshops at the site.

**Delivering Social Services:** At the Fremont Family Resource Center, FY 2001/02 marked the initiation of the Family Services Team, a cooperative effort among multiple agencies to work together in an intensive fashion to assist CalWorks (public assistance) clients. Staff will continue this innovative approach to social service delivery in FY 2002/03.

The Volunteer Services Division initiated a partnership with VolunteerMatch, a national website for volunteering, in FY 2001/02. Fremont is one of the first cities in the country to partner with VolunteerMatch, and the website has quickly become not only an important source of volunteers for the City, but also for many non-profit agencies in Fremont. Volunteer Services intends to continue its efforts to make VolunteerMatch Fremont's "cyberspace volunteer center" in FY 2002/03.

**Revitalizing Historic Neighborhoods:** During FY 2001/02, the City's Redevelopment Agency and Office of Neighborhoods continued to work on projects to revitalize all of the City's historic districts: Centerville, Niles, Irvington, and Mission San Jose.

In Centerville, the Redevelopment Agency began negotiations with a developer and continued with property acquisition, environmental cleanup, and business relocation for the Centerville Station Shopping Center project. Located on Fremont Boulevard south of Thornton Avenue, the project is designed to stimulate new private investment and pedestrian traffic in Centerville. Once finished, the project will include a grocery store, 40,000 square feet of retail space, and 10,000 square feet of office space. In FY 2002/03, the Redevelopment Agency will finish acquiring the property for the project and complete all negotiations in anticipation of construction beginning the following year. In addition, the Agency plans to complete construction of the public plaza on Fremont Boulevard across the railroad tracks from the Centerville Train Depot during the upcoming year.

The City Council adopted the Niles Concept Plan in September 2001. Moving to implement one of the key elements of the Concept Plan, the Redevelopment Agency approved the master planning process regarding the Redevelopment Agency-controlled former Union Pacific Property. The project will include a public plaza, parking, mixed-use development, and rail amenities. The master planning process will be completed during the next fiscal year.

This year, construction began on the Niles Veterans Building renovation. The Redevelopment Agency contributed approximately \$3 million to this effort, which is scheduled for completion in December 2002. Finally, staff plans to continue implementing the Niles signage project, which is designed to bring greater visibility to this important redevelopment district.

In the Irvington District, the Irvington Concept Plan process began with community and City Council involvement in establishing the vision for the future of this neighborhood. The Concept Plan, which will address urban design, land use, circulation and parking, historic preservation, economic development, market feasibility, and implementation strategies, is scheduled for completion by the fall of 2002. Once the City Council adopts the Irvington Concept Plan, staff will begin to implement programs to support the plan.



*Irvington District.*



*Mission San Jose District.*

In Mission San Jose, the City continues to work with private property owners on the development of their property to ensure that it contributes to the overall vitality of the district. In addition, staff is working with the Mission San Jose Chamber of Commerce on retail attraction and retention strategies for the district.

**Providing Affordable Housing:** In FY 2001/02, a great deal of staff, Council, and community effort went into the development and adoption of the Housing Element. In FY 2002/03, the City will begin to implement this community plan to meet housing needs, including affordable housing goals. The primary source of local support to meet affordable housing objectives





*Fremont enjoys a wide variety of housing and attractive neighborhoods.*

continues to be the Redevelopment Agency's Affordable Housing Fund. This fund will play an important role in supporting family housing developments, particularly those for larger-sized families and those affordable to very low and lower incomes, if housing targets are to be met. Staff will also continue to pursue increasing homeownership opportunities for middle-income families. The Council will consider next steps in the potential development of an Inclusionary Housing Program, while efforts to improve neighborhoods through the housing rehabilitation loan program will continue and be expanded to include apartments. Finally, staff will pursue opportunities to reuse or rezone land for affordable housing.

**Investing in Employees:** The City Council has long recognized the value of having a strong employee base because committed, skilled, and responsive employees provide outstanding customer service. Organizations which excel at attracting, developing, and retaining employees will be able to adapt more rapidly to the changing work environment of the 21st century. To this end, the City expanded its employee development and training programs to offer a wider variety of courses for a broader cross section of the organization.

Of particular concern is the fact that as "baby boomers" near retirement and competition for quality employees intensifies, Fremont will face the difficult challenge of recruiting and retaining talented managers. Therefore, the City created a Leadership Academy for the primary purpose of developing future leaders from within the organization. Fremont's first Leadership Academy, which began in January 2002 with fifteen select managers,

combines innovative leadership philosophies with practical management applications and is designed for those who aspire to higher leadership positions. The second Leadership Academy will be held next year. Through this proactive approach, the City will be in a far better position to maintain its strong employee base and continue to offer the outstanding level of service that Fremont's residents and businesses have come to expect.

### Report Card of Achievements and Awards

The City of Fremont continues to excel. In February 2002, the City received the prestigious League of California Cities Award for the Advancement of Diverse Communities in recognition of our efforts to celebrate the diversity that exists in Fremont. This award is especially significant this year given the heightened awareness of cultural diversity following the September 11th attacks.

In December 2001, the Police Department received a certificate of appreciation from Assemblymember John Dutra for contributions to the community. Fremont's Real Property Manager Randy Sabado was named Professional of the Year by the Bay Area chapter of the International Right of Way Association for his contributions to the association. Fire Division Chief Bob O'Brien received the California Fire Chiefs Association President's Award for his work on the organization's website. In March 2002, Assemblymember John Dutra named City Manager Jan Perkins "Woman of the Year" for the 20<sup>th</sup> Assembly District. The honor was presented at a ceremony at the State Capitol.

The Maintenance and Recreation Services Department won a number of awards from the California Parks and Recreation Society District III, including Agency Showcase Awards of Excellence for the 2001 Summer Brochure and the new online registration program Reg-E-Rec, the Recreation



*Fremont residents enjoy an array of recreational activities and services.*



and Community Service Program Award of Excellence for the In-School Art Appreciation Program, and the Community Volunteer Award of Merit for the Patterson House Volunteers. The United States Professional Tennis Association named the Fremont Tennis Center in Central Park its NorCal 2001 Facility of the Year, and named Recreation Supervisor Jeff Gonce its Facility Manager of the Year.

For the 17<sup>th</sup> year in a row, the City of Fremont won the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for its Comprehensive Annual Financial Report (CAFR). The CAFR was also awarded the California Society of Municipal Finance Officers' Certificate for Outstanding Financial Reporting. The City's budget document received the Distinguished Budget Presentation Award from the Government Finance Officers Association.

## Economic Overview

*"We remain cautious about the reports of economic recovery and anticipate any recovery to be moderate."*

The national economic slowdown, which began in late FY 2000/01 and was initially projected to be short and mild, has extended well into FY 2001/02. The Federal Reserve appears to have reached the end of a series of steps to adjust monetary policy both to limit the extent of the economic downturn and to hasten its completion. And, although some reports indicate positive economic news, the financial markets continue their struggle to recover to their levels of one year ago.

In California, a projected State budget shortfall of \$22.0 billion in FY 2002/03 has replaced last year's energy shortage as the State's lead economic story. Although most reports have declared the recession to be over, municipalities are waiting to see whether they will become part of the solution to the State's budget deficit. So far, the Governor's budget has avoided tapping city revenue sources in pursuit of fiscal balance. However, a lackluster economic recovery or a larger budget shortfall could move the State to back away from its initial respect for local revenues.



*Artist concept of a future downtown Fremont.*

*“Until the threat of State diversion of funds diminishes, the City will avoid implementing any new or expanded services that commit ongoing resources.”*

Locally, the City faces two major challenges. First, the recent economic downturn continues to have a heavy impact on certain business-related revenues. Following years of double-digit increases, the City is projecting declines of 6.0% for sales tax and 56.0% for hotel/motel tax, respectively, for FY 2001/02. While other revenues, such as property tax and franchise fees, have stayed relatively strong, they could slow or decline if the downturn continues. The City’s dependence on sales tax and other business-related revenues has grown over the past several years, leaving the City’s budget vulnerable during an economic downturn. This hampers the City’s ability to responsibly expand services, which is particularly troubling in light of the increased demand for emergency preparedness and support of homeland defense measures. We remain cautious about the reports of economic recovery and anticipate any recovery to be moderate.

The second challenge is related to the State’s severe budget problems. We are concerned that the Legislature could reduce local government’s share of the Vehicle License Fee (VLF) or property tax, which would jeopardize the City’s ability to sustain current service levels. In the case of VLF, the City could lose as much as \$8.0 million annually if the State chooses to keep the funds promised to local governments. Meanwhile, the City continues to lose more than \$9.0 million annually from State takeaways implemented during the previous fiscal crisis ten years ago. Until the threat of State diversion of funds diminishes, the City will avoid implementing any new or expanded services that commit ongoing resources.

Fremont is fortunate to have a diverse and vibrant business community and a strong real estate market. Barring a diversion of funds to the State, we predict that revenues from these sources will provide the City with sufficient resources for the FY 2002/03 General Fund operating budget and for the foreseeable future. Our budget assumptions acknowledge the uncertainty in the economy, and the budget includes enough contingency reserves to lessen the risk.

In response to the unprecedented uncertainty that we face, we will focus on preserving basic services and sustaining maintenance of infrastructure and public facilities. In preparing this budget, we suspended supplemental requests for program expansion while we await the State’s response to its fiscal crisis. Meanwhile, the prudent budgeting and reserve policies we have developed since the last recession will enable us to manage through the sluggish recovery we are experiencing without any adverse effects on basic services.

In addition to reduced expenditures in FY 2001/02 and departmental budget reductions in FY 2002/03, the General Fund fund balance we have accumulated will help us manage through this period of slow revenue growth and increasing cost. We are expecting to use \$3.3 million of the City’s \$27.8 million fund balance in FY 2001/02, and another \$2.7 million in FY 2002/03. Prudent use of this fund balance will cushion the impact of reduced revenues and mitigate the effects on departmental budgets and services.



## Budget Assumptions

1. **The economy will begin to recover, and General Fund revenues will rebound from decreases in FY 2001/02 and grow moderately from a new lower base.**

Total General Fund revenues are expected to be \$3.9 million lower in FY 2001/02 than in FY 2000/01. The decreases can be attributed to the economic downturn, which affected sales tax and hotel/motel tax revenues most severely. For FY 2002/03, we are expecting the economy to emerge slowly from the recession, and revenues to increase moderately from FY 2001/02. The projected growth rate of 5.4% is close to the City's average revenue growth for the prior 10 years.

2. **The City will not lose its share of the Vehicle License Fee (VLF) in FY 2002/03.**

We are assuming in this budget proposal that the State will not eliminate or reduce its backfill of Vehicle License Fees (VLF), even though we are concerned that it could be a possibility as the State figures out how to balance its budget. Vehicle License Fees were reduced for vehicle owners by two-thirds a few years ago, but the State has made up the difference to local government with payments from its General Fund. Loss of this revenue would cost the City approximately \$8.0 million annually. The State's elimination of backfill funding would prompt a major revision of the City's FY 2002/03 budget.

3. **The City will not lose its share of franchise fees from PG&E.**

As with the VLF, loss of PG&E franchise fees, which are estimated at \$2.3 million for FY2002/03, would warrant a revision of the budget. Despite its bankruptcy filing, PG&E remitted its payment



*Mission Boulevard and Mission Peak.*

to the City for calendar year 2001. We expect that keeping the terms of its existing favorable franchise agreements will remain a very high priority for the company and that risking default would not justify non-payment of fees. Therefore, we continue to include this revenue in the budget, and expect no change for the foreseeable future.

**4. The City will not receive any real relief from the Educational Revenue Augmentation Fund (ERAF), the funds that the State started taking from local governments in the early 1990s.**

The State has given cities grants for public safety and small contributions from its General Fund. However, these amounts are small compared with the more than \$9.0 million that the State now takes annually from Fremont's property taxes. Ten years after the State shifted property taxes and several local taxes and fees (including business inventory, liquor license, bank-in-lieu, cigarette tax, and booking fees) away from cities, Fremont's cumulative lost revenue from these sources, coupled with additional costs shifted from the State to cities, exceeds \$100 million. Given the status of the current State budget, the City is not expecting any new relief.

**5. Revised policies for the Expenditure Control Budget (ECB) are implemented in the FY 2002/03 budget.**

The budget includes cost controls and a mechanism for departments to leverage prior years' budget savings for activities consistent with City Council priorities. The budget resolution enables the City Manager to appropriate funds, held in designated fund balance, that were generated through prior year budget savings. The City Manager will appropriate these funds for departmental initiatives that directly further the City Council's priorities. In addition, the City Council's policies for ECB include a formula-based increase for non-salary items. For FY 2002/03, non-salary budget items are increased by a factor equal to the December 2000 – December 2001 Consumer Price Index minus 1%, or 2.53%.

**6. Revenue estimates in the FY 2002/03 budget and the five-year forecast have been increased 2.5% to compensate for the historical tendency to underestimate revenues.**

For the past several years, our actual revenues have consistently exceeded our projections by about 3.5%. In addition, as we forecast revenues in periods of economic slowdown or downturn, we rarely anticipate the return of economic strength. Because unanticipated economic events will affect revenues, it is difficult to predict which revenues will exceed expectations in a given year. This assumption will help prevent unnecessary service reductions, and is consistent with historical revenue performance.

**7. Policies for the Contingency Reserve and the Program Investment Reserve will remain the same in FY 2002/03.**

During the FY 1996/97 budget process, the City Council adopted policies for two General Fund Reserves: the Program Investment Reserve and the Contingency Reserve. The Program Investment Reserve is funded at 2.5% of operating expenditures and transfers out, and the Contingency Reserve is funded at 12.5% of operating expenditures and transfers out. During FY 2002/03, these General Fund reserves will require a contribution of \$405,000 to comply with the City Council's adopted policies.

**8. The FY 2002/03 budget contains a new, temporary Budget Uncertainty Reserve.**

The FY 2002/03 budget contains a \$6.2 million reserve to support our expenditure reduction targets and more aggressive revenue collection assumptions. If the City does not meet the revenue projections as a result of increasing them by 2.5% (see budget assumption 6, above), the new contingency could be used to make up the shortfall, without necessitating an immediate budget reduction. The proposed policy for this reserve is included in the Policies section of this document, and will be considered by the City Council as part of the budget adoption process.

**9. The FY 2002/03 proposed budget incorporates changes in the budget structure.**

Structural changes include the display of administrative overhead charges, such as Information Systems and vehicle replacement, which are now included in the budgets for departments where the costs are incurred. These changes also affect comparisons with the FY 2001/02 estimated actual expenditures and the FY 2001/02 adopted budget, which have both been adjusted to reflect the structural changes. Additional information on these changes can be found on page 81 of the budget document.

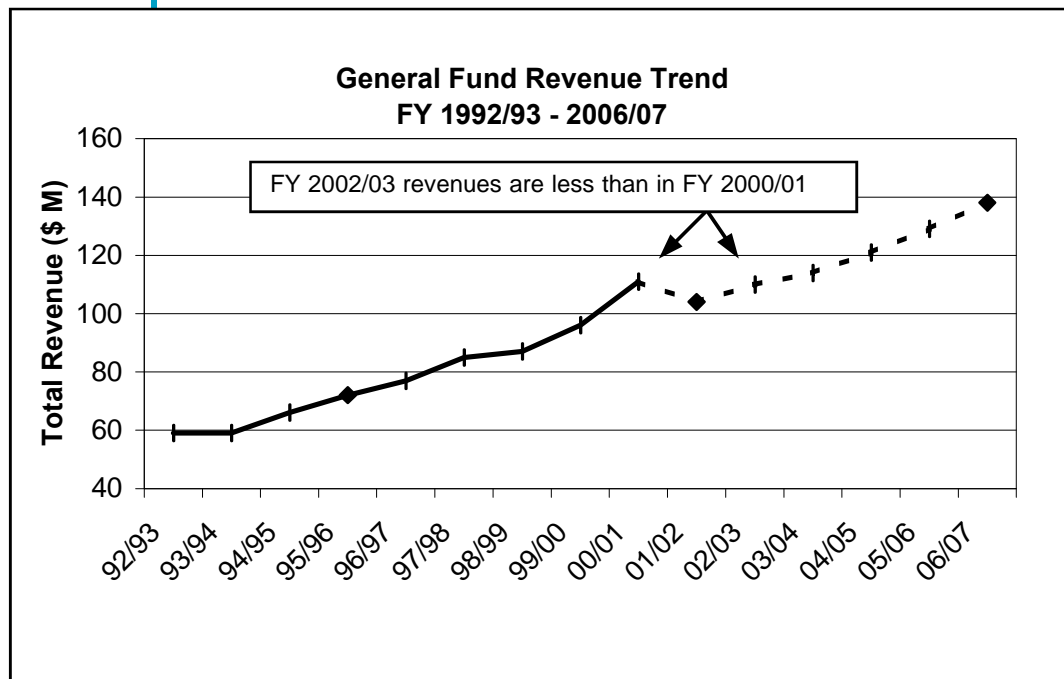


*Fremont enjoys a variety of lodging facilities including the Fremont Marriott.*

## Fiscal Year 2002/03 Resources

General Fund resources are comprised of three categories: revenues, transfers in to the General Fund, and fund balance. The total of these resources for FY 2002/03 is \$134.0 million. These funds support the \$121.2 million FY 2002/03 budget and help balance the five-year forecast.

Total General Fund revenues (excluding transfers in and fund balance) for FY 2002/03 are forecasted at \$110.6 million, which represents a 5.3% increase compared with estimated actual revenues for FY 2001/02. The graph below shows that the FY 2002/03 revenue level is slightly less than the amount of revenue received two years prior in FY 2000/01. The setback in revenue growth is largely due to the effects of the economic downturn. The shortfall would have been worse, totaling almost \$3.0 million, if the City had not been able to make a \$2.0 million adjustment to sales tax revenue due to resolution of a technical distribution question with the State. Therefore, FY 2001/02 performance resets the baseline for FY 2002/03 projections at a lower level. While we are optimistic that revenue growth will resume, a 5.0% growth rate is significantly slower than the 9.0% average growth rate we experienced in the five years prior to the slowdown of FY 2001/02.



General Fund Resources (Excluding Transfers In and Fund Balance) Changes from FY 2001/02 Adopted Budget (in \$ millions)			
Revenue Source	<i>FY 2001/02 Adopted Budget</i>	<i>FY 2001/02 Estimated Actual</i>	<i>FY 2002/03 Recommended Budget</i>
Property Tax	\$32.5	\$33.8	\$36.7
Sales and Use Tax	34.3	32.2	33.0
Hotel/Motel Tax	4.6	1.9	2.5
Business Tax	7.1	8.2	8.6
Franchise Fees	6.9	7.3	7.0
Fines	1.5	1.9	2.0
Other Revenues	18.7	19.7	20.8
Total	\$105.6	\$105.0	\$110.6

Actual performance in many of the City's major revenues indicates that the economic downturn has caused the transition to a lower revenue base. As the table above shows, sales tax and hotel/motel tax revenues, which are the revenues most closely related to consumer and business spending, have experienced the largest relative decreases. Property tax, on the other hand, has remained strong through the downturn because home sales trail other economic recession indicators like declining retail sales. Therefore, property tax receipts can actually increase in an otherwise down economy. Also helping to offset serious revenue decreases are business tax revenues, which are expected to exceed budget estimates because of increased property transfer tax due to high property sales volume, and increased revenue collection.



*Quarry Lakes Park opened to the public in December of 2001.*



Sales tax is the City's second largest source of revenue, and it can be quite volatile in an uncertain economy. Revenue volatility, while common to cities nationwide, is exacerbated in the Bay Area, especially in Silicon Valley communities that rely heavily on high-tech, business-to-business sales, as Fremont does. Estimated actual sales tax revenue for FY 2001/02 is \$32.2 million, which is 6.0% less than budgeted. The projected FY 2001/02 shortfall would have been worse, approximately 12.0%, if the City had not been able to include \$2.0 million in sales tax revenue that had been received but was subject to redistribution to other municipalities by the State Board of Equalization. The City and the Board resolved this issue in FY 2001/02, thereby allowing the City to include the \$2.0 million in its estimated actual sales tax revenue for the current fiscal year. Since the economy shows signs of recovery, the budget for FY 2002/03 sales tax revenue is \$33.0 million, which represents moderate growth over FY 2001/02, but is still below the level received in FY 2000/01.

Hotel/motel tax (transient occupancy tax) is the other important revenue source that decreased dramatically in FY 2001/02. Instead of receiving \$4.6 million as budgeted, we believe actual receipts will be \$1.9 million, or a \$2.7 million shortfall compared with the budget. The FY 2001/02 budget was based on rapid growth in hotel rooms and business activity during calendar years 1999 and 2000, which had yielded unprecedented hotel/motel tax revenue growth. Revenue began declining late in 2000 as the economy soured, and this trend was reinforced by the effects of September 11<sup>th</sup> on the travel industry. The declining trend appears to be reversing, and we expect FY 2002/03 revenue from this source to increase from FY2001/02 levels by 32%, to \$2.5 million.

Despite the economic downturn, property tax remained strong in FY 2001/02 and shows promise for continued growth in FY 2002/03, consistent with growth rates of the prior few years. Property tax revenue is the City's largest revenue source, and it is traditionally less volatile than sales tax. Property tax revenue for FY 2001/02 is estimated to be \$33.8 million, an 11.0% increase over the prior year. For FY 2002/03, it is budgeted to grow another 8.6% to \$36.7 million.

Business tax revenues have exceeded budgeted levels for the last two years, so we are confident in projecting growth for the future. The revenue estimate for business tax for FY 2002/03 is \$8.6 million, a 21.0% budget increase relative to the budget estimate for FY 2001/02, but only a 4.9% increase over what we expect the actual revenues will be for FY 2001/02.

In addition to the taxes, fees, and charges to the City's external customers, the General Fund receives transfers from the City's several cost centers and other funds for services provided by General Fund departments. The FY 2002/03 budget for transfers-in is \$7.5 million, which is \$500,000 less than the FY 2001/02 amount. This decrease reflects a change in budget structure rather than reduced charges to the cost centers. In prior years, Information Systems and vehicle replacement costs for non-General Fund services were budgeted as transfers to the General Fund. For FY 2002/03,

these costs will be budgeted as payments to an internal service fund, separate from the General Fund.

## **Fiscal Year 2002/03 Expenditures**

Early in FY 2001/02, when we realized that the City would face a revenue shortfall, we immediately curbed spending plans. Our priorities for FY 2002/03 are to preserve service levels to the community, keep prior commitments to services and employees, and maintain the quality of the City's workforce. To accomplish these goals in an environment of economic uncertainty, adjusted General Fund expenditures, including transfers out, decrease in FY 2002/03 from \$123.5 million to \$121.2 million. The adjusted budget includes additional spending authority for prior year encumbrances and the use of prior year departmental budget savings.

FY 2002/03 departmental expenditures will be increasing by only \$800,000, or less than 1% over the prior year's adjusted budget. Considering previously negotiated employee salary increases that average 4% and inflation for many non-salary expenditures, such a nominal increase in departmental expenditures will require discipline and leave little room for program expansion. As a proactive measure to address the current economic uncertainty, FY 2002/03 departmental budgets have been assigned a savings component that reduces their budgets by approximately 2%. This will provide a head start toward making the type of changes that will be required should the State move to take Vehicle License Fee back-fill revenue or the economy worsen.

For FY 2002/03, non-departmental expenses, which typically include funding for the City Manager's Contingency account and the Fremont libraries, will be increased by \$900,000. This increase is primarily due to the inclusion of employee leave costs as a component of non-departmental expenses, as well as an increase in the cost of providing library hours. Offsetting this increase, the City Manager's Contingency account will be reduced in FY 2002/03 from \$750,000 to \$500,000, a level more consistent with annual demand.

## **Adjustments to FY 2001/02 and FY 2002/03 Budgets**

A number of structural changes have been made to the budget for FY 2002/03. These changes will provide better information on the cost of services, improve clarity of budget information and comparison with future budgets, and improve alignment of the budget with the City's financial statements. For FY 2002/03, the changes display administrative overhead charges, such as Information Systems and vehicle replacement, in the budgets for the departments in which the costs are incurred. This will make the departmental budgets look slightly different from prior years.

To more easily compare the FY 2001/02 and FY 2002/03 budgets, we have adjusted the FY 2001/02 adopted budget to incorporate these structural changes, as well as mid-year changes that implement City Council budget

policies. The adjusted budget is equal to the \$120.5 million FY 2001/02 adopted budget, plus \$1.1 million in encumbrances from the prior year, plus \$1.9 million in departmental carry-forward savings used for FY 2001/02 purchases, for a total adjusted budget of \$123.5 million. A detailed discussion of the adjusted budget and comparability with the FY 2001/02 estimated actual results and FY 2002/03 proposed budget may be found on pages 81 – 84 of this budget document.

### **Operating Transfers Out and Transfers to Reserves**

Transfers to support City activities outside the General Fund total \$37.7 million for FY 2002/03, or 31.1% of total General Fund resources used. This represents an 7.6% decrease from FY 2001/02 adjusted budget levels, largely due to one-time expenses for maintenance and property acquisition that will not be required in FY 2002/03. Major categories of transfers out include contributions to the Capital Improvement Program/Integrated Capital Assets Plan (CIP/ICAP), debt service payments, cost center support, and General Fund reserves.

1. **Contributions to the Capital Improvement Program/Integrated Capital Assets Plan (CIP/ICAP):** This budget transfers a total of \$25.1 million to the CIP/ICAP from the General Fund to support maintenance operations, capital projects, and the vehicle replacement fund. This amount is \$2.2 million less than the amount budgeted for transfer out in FY 2001/02 but does not represent a decrease in maintenance services. The FY 2001/02 budget contained an additional \$1.7 million to complete a special, four-year pavement overlay project. The budget also contained \$1.6 million for the City's purchase of the municipal parcel at Pacific Commons. The maintenance budget contains authorization for eight additional maintenance workers, positions that were funded in the 2001-06 CIP/ICAP and will now be programmed in the operating budget. Additionally, the CIP/ICAP contribution contains increases for maintenance employee salaries and an additional \$1.0 million for downtown plan implementation.
2. **Debt service:** When the City borrows money to pay for capital facilities or other capital items such as expensive fire apparatus, it makes debt service payments to retire the debt. For FY 2002/03, budgeted debt service payments are increasing from \$5.3 million to \$5.6 million because of two additional debt issue repayments for fire-station improvements starting in FY 2002/03.



**3. Cost Center support:** The General Fund supports the efforts of the City's three cost centers: Development Services, Recreation Services, and the Senior Center.

- Development Services: The General Fund allocation covers the cost of services provided to the general community by staff in the Development and Environmental Services Department. Services to other customers, such as developers and individual property owners doing work on their properties, are paid for by fees charged to these customers, rather than by general taxes. For FY 2002/03, the General Fund allocation to the Development Services Fund is \$2.9 million, a 3.9% increase from the FY 2001/02 estimated actual amount. The allocation is \$63,000 less than it otherwise would have been to reflect a budget reduction similar to that required of General Fund departments.
- Recreation Services: The General Fund allocation supports activities not otherwise covered by program fees. For FY 2002/03, the contribution is \$3.3 million, which is a 7.7% increase from the FY 2001/02 estimated actual amount. The increase is primarily due to additional funding required for the teen center, which is scheduled to open in late 2002.



*Residents celebrate in Fremont.*



- **Senior Center:** The General Fund supports operational costs for the Senior Center. For FY 2002/03, the allocation is \$327,000, a 26% increase from the FY 2001/02 estimated actual amount. The increase is due to inflationary cost increases and a new Senior Center Manager position added to support the future Northgate Community/Senior Center.
4. **General Fund reserves:** The proposed budget contains funding to maintain the Contingency and Program Investment Reserves at 12.5% and 2.5% of total General Fund expenditures and transfers out, respectively. Reserve levels are established by City Council policies, which are included in the Policies section of this document. The FY 2002/03 proposed budget also contains funding for a Budget Uncertainty Reserve, intended to be temporary, to support expenditure reduction targets and more aggressive revenue collection assumptions. The policy for this reserve is also included in the Policies section of this document.

### Mid-Year FY 2001/02 Budget Additions

Because of the current economic climate, the FY 2002/03 budget preparation process yielded no new General Fund positions for recommendation to the City Council. The only new full-time position appearing in the FY 2002/03 General Fund budget, a Support Specialist in the City Clerk's Office, is the product of consolidating two part-time temporary positions during the year to improve the position's efficiency. Other additional positions reside outside the General Fund, in the cost centers and similarly funded operations, where additional positions may be funded by service fees, intergovernmental revenues, and grants.

### Changes in Expenditure Control Budgeting

The City Council adopted the Expenditure Control Budget system (ECB) with the FY 1999/00 General Fund budget. ECB is intended to generate funding through operational savings for projects aligned with the City Council's priorities. Under ECB, expenditure budget growth is limited to negotiated employee salary and benefit increases and an inflation-related increase for non-salary items. The system allows departments to retain a part of their unspent appropriations and certain program revenues for use in future years. This carry-forward funding may be programmed and authorized for spending with the approval of the City Manager. Considering current economic circumstances and our experience with ECB, we are recommending several changes to the system. The most significant change is that departments will retain 25% of savings and assigned revenues, as opposed to the 75% planned for FY 2002/03. Savings not retained by the departments will be used to balance future budgets.

*“...the five-year forecast suggests...that the City will either have to increase revenue or further reduce expenditures to ensure the ending balance in the final year of the forecast (FY 2006/07) is positive.”*

## Five-Year Forecast

Our long-range General Fund forecast remains strong despite the economic downturn of FY 2001/02. The City prudently accumulated a healthy fund balance over the past several years that will help us transition to a lower revenue base and keep pace with increased costs, thereby preserving the high quality of services residents expect. However, the five-year forecast suggests, particularly in the annual net results trend, that the City will either have to increase revenue or further reduce expenditures to ensure that the ending balance in the final year of the forecast (FY 2006/07) is positive. Without these changes in future years, the City will consume its entire fund balance before FY 2006/07. The forecast is updated continuously, and is intended to alert the City to important trends, not necessarily suggest a definite plan for the future. It is instructive as we make expenditure decisions but not alarming because we would make course corrections long before consuming the entire fund balance. More information on the five-year forecast may be found in the five-year forecast section of the document.

## Development Cost Center

Because it relies on fees paid by the development community, the Development Cost Center has been severely impacted by the FY 2001/02 economic slowdown. Engineering, planning, building inspection, and plans and permits operations are funded entirely from service charges. As construction activity declined through FY 2001/02, revenues from planning, building inspection, and permitting have declined 25-30%. At the same time, cost center labor costs have increased in recent years as construction activity, and the corresponding demand for services, boomed prior to the FY 2001/02 slowdown. During FY 2001/02 the cost center budget also absorbed an additional \$800,000 in information systems costs that had previously been budgeted in the General Fund.

Declining revenues and increasing costs have created a budget deficit for this cost center. Fortunately, it accumulated a \$4.4 million fund balance in the years prior to FY 2001/02, part of which is intended to cushion this type of shortfall. In FY 2001/02, the cost center is projected to draw upon more than \$650,000 of fund balance to maintain service levels and retain core staff capacity. Barring a significant turnaround in the construction market, it will consume another \$750,000 in FY 2002/03. In addition to economic contingency, a portion of the fund balance is earmarked for investment in technology.

## Recreation Cost Center

The Recreation Cost Center supports the operations of Fremont's parks, community centers, and attractions such as the Olive Hyde Art Gallery and Patterson House at Ardenwood Historic Farm. It also manages hundreds of classes and activities for youth, adults, and seniors. This cost center has operated successfully with a cost-covering structure in which programs are funded only if they are able to pay for themselves through fees paid by participants. In FY 2002/03, the cost center will earn 53.9% of its estimated

\$7.2 million revenue from program fees and related revenues. The balance will be received as a transfer from the General Fund for costs that are not covered by program fees, such as Central Park operations and community center administration. FY 2002/03 expenditures are increasing 5.2%, to \$7.0 million, because of inflation-related increases and the addition of staff and furnishings for the new teen center, scheduled to open in late 2002.

The amount of revenue received over expenditures in FY 2002/03, an estimated \$208,000, would increase the cost center's fund balance. Fund balance has accumulated over several years due to program growth, interest income on fund balance, and salary savings. Most of the fund balance is earmarked for operational improvements, including \$2.0 million for the family swim facility that will replace the swim lagoon in Central Park. Another portion of the fund balance serves as an economic contingency reserve to buffer operations from shortfalls in program fee revenue prompted by poor economic circumstances.

### **Contingency Plans for Further Economic Decline**

Indications are that the economy is recovering from the recession we experienced in FY2001/02. However, the City is proceeding with caution, estimating revenues as accurately as possible, curtailing expenditures, and delaying program expansion in most areas. The City's budget reduction strategy and the new short-term budget uncertainty reserve will enable us to manage through natural economic cycles. The City's primary concern is with the State's budget problems, and the potential for losing \$8 million annually of Vehicle License Fees (VLF) revenue. This loss, coupled with the recently eroded revenue base, would require major changes to the FY 2002/03 budget. The City's priority would be to protect the workforce to ensure the consistent delivery of quality service. In the short-term, however, we would have to reduce departmental budgets and accumulated unspent funds from prior years. We would explore opportunities to expand the use of non-General Fund revenues further, to relieve pressure on the General Fund. We would also have to consider delaying or eliminating funding for certain capital projects, including implementation of the downtown plan.

### **Conclusion**

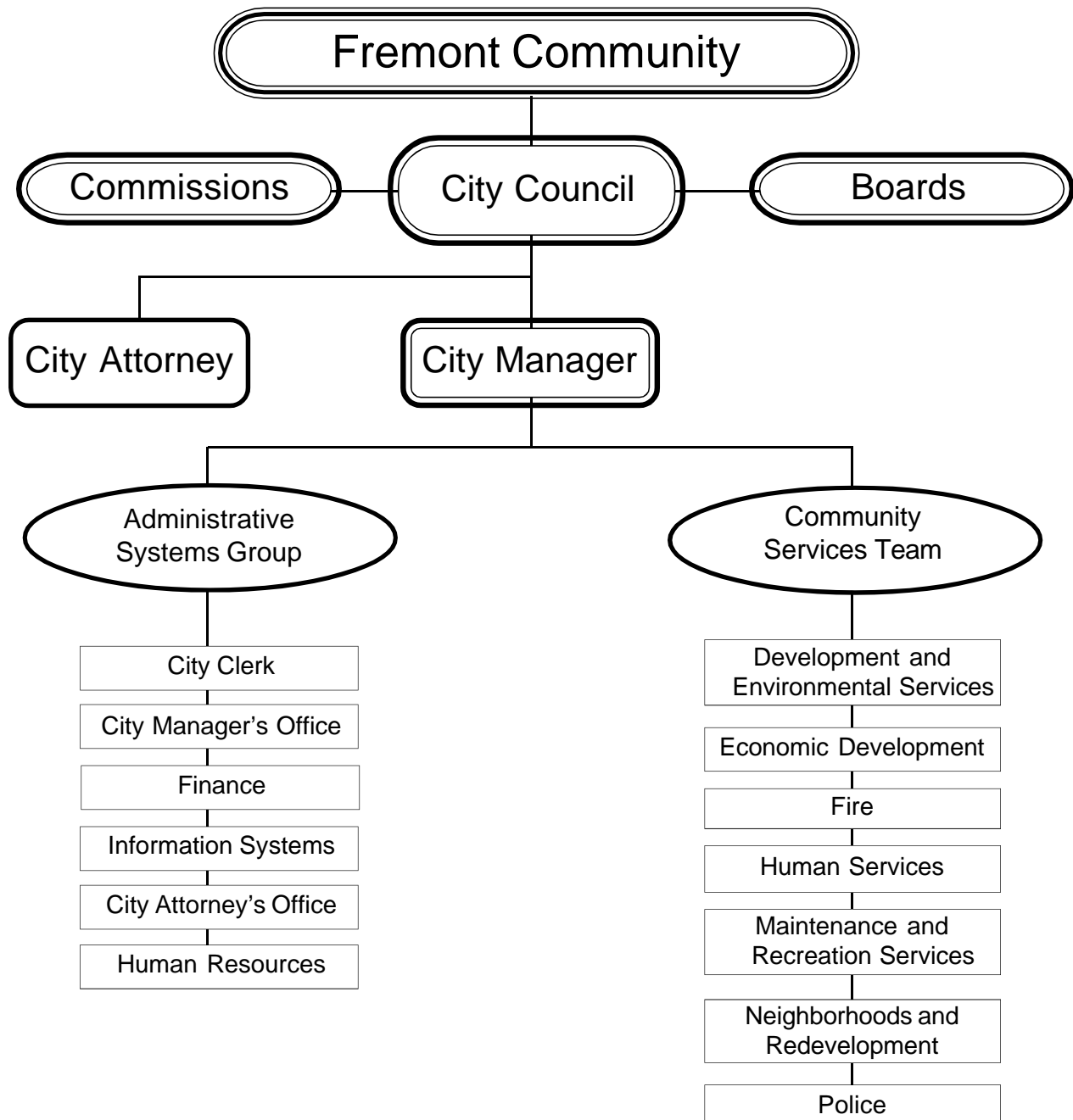
City of Fremont staff is up to the challenge of providing quality services to the community within the constraints of reduced revenues. We have an ambitious work program for FY 2002/03 that we look forward to achieving. Working as a team with the City Council and community, we will be successful.

Respectfully submitted,



Jan Perkins  
City Manager

City of Fremont Organization Chart  
Fiscal Year 2002/03





# City of Fremont

## Profile

### History

Fremont's rich heritage can be traced to the Ohlones, natives of the land, and to the Spanish priests who established Mission San Jose, the first Spanish mission located inland. Since those early days, Fremont's rich soil, central location and excellent climate have continued to attract newcomers to this area. In the mid-1840s, John C. Frémont mapped a trail through Mission Pass to provide access for American settlers into the southeastern San Francisco Bay Area. During the Gold Rush era, the Mission area attracted miners headed for the California gold fields. Governor Leland Stanford acquired land in the Warm Springs area, where he planted vineyards and built one of the first wineries in the state. The Niles district made history when the last tracks needed to connect the transcontinental railroad were laid there. Further acclaim came to Niles when Charlie Chaplin filmed "The Tramp" at the Essanay Movie Studio there. In 1853, Washington Township was established and included the communities of Mission San Jose, Centerville, Niles, Irvington, and Warm Springs. On January 23, 1956, these communities joined to form the City of Fremont.

### Quality of Life

Fremont, located in southern Alameda County, stretches from the San Francisco Bay to the top of Mission Peak above historic Mission San Jose in the east. With a population of over 208,000, Fremont is the fourth largest city in the San Francisco Bay Area and ranks 94th among the most populous cities in the nation according to the California State Department of Finance. Fremont is approximately 92 square miles in size and includes the 450-acre Central Park and 80-acre Lake Elizabeth, along with 51 other parks, five community centers and extensive sports facilities. Fremont is also home to the Don Edwards San Francisco Bay National Wildlife Refuge, adjacent to Coyote Hills Regional Park.

Fremont enjoys a high rate of home ownership, a low crime rate and a quality of life that is considered to be one of the best in the United States. For example, Fremont was recently rated as the best place in which to raise healthy children in the nation. Fremont residents can expect a first-rate menu of local services, including a highly rated public education system, excellent public safety program, and recreation, park and other leisure activities. In addition to beautiful parks and extensive recreational facilities, Fremont is easily accessible to three international airports, several major educational institutions, the Bay Area Rapid Transit System and professional sports and cultural opportunities. Fremont is also home to Washington Hospital, a community asset for over 50 years.

**Government***Incorporated January 23, 1956**Fremont is a General Law Council/Manager City governed by a five-member City Council with a directly elected Mayor, all elected at large.**Number of directly elected Mayors (since 1978): 4**Number of City Managers since Incorporation: 6**Full-time Employees  
FY 2002/03<sup>1</sup>*

Develop. & Env. Services.....	147.70
Fire.....	176.00
General Government.....	115.35
Human Services.....	44.95
Maintenance.....	153.00
Police.....	337.75
Recreation.....	40.25
<u>Neighborhoods.....</u>	<u>17.35</u>
Total.....	1032.35

**Demographics***Land Area: 92 square miles**Population*

1956.....	22,443
1960.....	43,634
1970.....	102,321
1980.....	127,454
1990.....	173,116
2000.....	203,413
2002 <sup>2</sup> .....	208,000

*Climate<sup>3</sup>**Average Temperature: 59°F (15°C)**Avg. Annual Precipitation: 13.6"**Level of Educational Attainment<sup>4</sup>*

College Degree.....	39%
Some College, no Degree.....	25%
High School Graduate.....	23%
Grades 9-12 (No Diploma).....	9%
Less than 9 <sup>th</sup> Grade.....	4%

*Median Age<sup>4</sup>: 35**Mean Household Income<sup>4</sup>,  
2000 (projected): \$103,100**Racial Composition, 2000<sup>5</sup>*

Asian.....	37%
African-American.....	3%
White.....	48%
Other.....	6%
Two or more.....	6%

(Hispanic/Latino may be of any race)

**Business***Major Employers, listed in order of  
number of employees<sup>6</sup>*

New United Motor Mfg. (NUMMI)  
Lam Research Corporation  
Avant! Corporation  
Synnex Info Tech Inc.  
Credence Systems Corporation  
Seagate Magnetics  
Read-Rite Corporation  
Sysco Food Services  
L S I Logic Corp  
Extron Logistics LLC  
Volex Inc.  
Compaq Computers  
Mattson Technology Inc.  
Net.com  
Flextronics International  
Chahaya Optronics Inc.  
Galgon Industry Inc.  
Milestone Technologies  
Avanex Corporation  
ESS Technology

*Distribution of jobs by major  
employment sectors, 2000<sup>4</sup>*

Agriculture.....	0.6%
Manufacturing/Wholesale.....	32.5%
Retail.....	14.9%
Service.....	31.6%
Other.....	20.3%

**Community Services***Family Resource Center: 1**Parks: 51**Senior Center: 1**Community Centers: 5**Fire Stations: 11*



### Services by Other Governmental Units

*Education:* Fremont Unified School District and Fremont-Newark Community College District

*Flood:* Alameda County Flood Control and Water Conservation District

*Parks:* East Bay Regional Park District

*Public Transportation:* Bay Area Rapid Transit District and Alameda-Contra Costa Transit District

*Sewer:* Union Sanitary District

*Gas and Electricity:* Pacific Gas and Electric

*Water:* Alameda County Water District

### Education<sup>3</sup>

*Fremont Unified School District (FUSD) has 30 elementary schools, 5 junior high schools, 5 high schools and a continuation school.*

*Average SAT Score, FUSD: 1108*

*Percentage of FUSD students attending:*

*University of California: 13.7%, California State University: 25%*

*Ohlone College<sup>7</sup> is a public, two-year, open-admission community college with an average enrollment of 10,500 students per semester.*

### Notes

<sup>1</sup> 2002/03 Proposed Operating Budget, City of Fremont

<sup>2</sup> California State Department of Finance

<sup>3</sup> Community Economic Profile and Resource Guide, 2000/2002

<sup>4</sup> Association of Bay Area Governments (ABAG)

<sup>5</sup> U.S. Census 2000

<sup>6</sup> City of Fremont, Economic Development Department

<sup>7</sup> Ohlone College, Admissions Department



# All City Funds Schedule

The “Summary of All Funds” schedule on the following page groups the City’s funds into five categories:

- General
- Cost Centers/Internal Service
- Special Revenue
- Redevelopment
- Capital

The first three groups are the operating funds of the City, and the last two are special classes of funds. The majority of funding for City operations and most of the City’s services is derived from the first three groups.

The budget for the Fremont Redevelopment Agency is adopted separately by the City Council when it sits as the governing board of the Redevelopment Agency. The budget for capital funds is reviewed and adopted by the City Council as part of the Capital Improvement Program/Integrated Capital Assets Plan (CIP/ICAP). Included with the City Council’s adoption of the CIP/ICAP are the FY 2002/03 appropriations for the Maintenance Division of the Maintenance and Recreation Services Department.

The “Summary of All Funds” schedule consolidates all funds Citywide and presents the total available resources and total use of resources, including beginning fund balances, revenues, expenditures, “operating transfers in” and “operating transfers out.” This budget document is different from some other cities’ budgets and the City’s financial statements because governmental accounting treats many “interfund transactions” as revenues in one fund and expenditures in another fund. As a consequence, there is an overstatement of true revenues and expenditures that accrue to the City. This budget re-classes revenues and expenditures where double counting would otherwise occur. As a result, the “Total Expenditures” and “Total Revenues” lines for all funds present the true budgeted expenditures and revenues expected to be received and spent by the entire organization.

*Please refer to the General Fund section and the Other Funds section of this document for more information.*



*Centerville Train Depot*

<b>Summary of All Funds</b>						
	<b>Total</b>	<b>Cost Center/</b>	<b>Special</b>			<b>Total</b>
	<b>General</b>	<b>Internal Service</b>	<b>Revenue</b>	<b>RDA</b>	<b>Capital</b>	<b>All</b>
<b>(Thousands of Dollars)</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>
<b>Fund Balance - 6/30/02 (est.)</b>	\$39,805	\$12,291	\$19,630	\$90,534	\$33,695	\$195,955
<b>Revenues</b>						
Property Tax	36,697			26,244		62,941
Sales & Use Tax	33,038					33,038
Franchises	6,996					6,996
Business Tax	8,571					8,571
Interest Income	2,973	806	175	2,372	350	6,676
Transient Occupancy tax	2,522					2,522
Vehicle License Fee	12,811					12,811
Paramedics	1,467					1,467
Intergovernmental Revenues	1,020		5,398		16,774	23,192
Charges for Services	1,830	14,718	240		300	17,088
Fines	1,968					1,968
Other Revenues	710	519	3,973			5,202
<b>Total Revenues</b>	110,603	16,043	9,786	28,616	17,424	182,472
Operating Transfers In	7,840	6,571	293	23,000	32,484	70,188
<b>Total Available Resources</b>	158,248	34,905	29,709	142,150	83,603	448,615
<b>Expenditures</b>						
General Government	12,337					12,337
Public Safety:						
Police	40,137		1,496			41,633
Fire	23,943					23,943
Development & Environmental Services:						
Planning		2,759				2,759
Building & Safety		4,158				4,158
Engineering		6,855			856	7,711
Community Preservation	738					738
Environmental Services			3,045			3,045
Human Services	2,884	604	4,323			7,811
Maintenance and Recreation:						
Maintenance					22,981	22,981
Recreation		6,318				6,318
Neighborhoods	356		429	58,401		59,186
Non-departmental	2,684		150		25,129	27,963
Debt costs	400		519	4,943	5,578	11,440
<b>Total Expenditures</b>	83,479	21,610	9,962	63,344	54,544	232,939
Operating Transfers Out	37,302	2,497	532	23,000		63,331
Transfers to Reserves	405					405
<b>Total Use of Resources</b>	121,186	24,107	10,494	86,344	54,544	296,675
<b>Fund Balance - 6/30/03 (est.)</b>	\$37,062	\$10,798	\$19,215	\$55,806	\$29,059	\$151,940

# Major General Fund Changes

## Major General Fund Changes

A number of structural changes have been made to the budget for FY 2002/03. These changes will provide better information on the cost of services, improve clarity of budget information and comparison with future budgets, and improve alignment of the budget with the City's financial statements. For FY 2002/03, the changes display administrative overhead charges, such as Information Systems and vehicle replacement, in the budgets for the departments in which the costs are incurred.

To more easily compare FY 2001/02 and FY 2002/03 spending levels, adjustments to the FY 2001/02 adopted budget must be made. This section of the budget document describes these adjustments and compares the FY 2001/02 adjusted budget with the FY 2002/03 proposed budget. This section also outlines structural changes in the General Fund budget that do not affect total spending levels but will assist with the analysis of department budgets described in later sections of the budget document.

### FY 2001/02 Adjusted Budget

The following table outlines the adjustments to the FY 2001/02 budget that were made to effectively compare proposed FY 2002/03 spending levels with those of the prior year.

**Adopted and Adjusted FY 2001/02 Budgets and  
Proposed FY 2002/03 Budget  
(in \$ millions)**

	Adopted Budget FY 2001/02	Adjustments				Comparison			
		Encum- brances	Use of carry- forward savings	Vehicle cost allocation	Information Systems cost allocation	Total Adj.	Adj. Budget FY 2001/02	Proposed Budget FY 2002/03	Change
General Government	\$15.2	\$0.2			(\$2.4)	(\$2.1)	\$13.1	\$12.4	(\$0.7)
Police	35.8	0.1	0.8	0.5	1.5	2.9	38.7	40.1	1.4
Fire	22.7	0.7	0.9	0.1	0.7	2.3	25.0	23.9	(1.1)
Community Preservation	0.6	0.1				0.1	0.7	0.7	0.0
Human Services	2.3	0.0	0.1		0.2	0.3	2.6	2.9	0.3
Neighborhoods	0.3		0.1			0.1	0.4	0.4	(0.0)
Non-Departmental	1.8					0.0	1.8	2.7	0.9
Debt Costs	0.4					0.0	0.4	0.4	0.0
<b>Total Expenditures</b>	<b>79.1</b>	<b>1.1</b>	<b>1.9</b>	<b>0.6</b>	<b>0.0</b>	<b>3.6</b>	<b>82.7</b>	<b>83.5</b>	<b>0.8</b>
Maintenance	21.0					0.0	21.0	21.1	0.1
CIP/ICAP	6.3			(0.6)		(0.6)	5.7	4.0	(1.7)
Debt Service	5.3					0.0	5.3	5.6	0.3
Development Cost Center	2.9					0.0	2.9	2.9	0.0
Recreation Cost Center	3.2					0.0	3.2	3.3	0.1
Senior Center Cost Center	0.3					0.0	0.3	0.3	0.0
Other	0.0					0.0	0.0	0.1	0.1
<b>Total Operating Transfers Out</b>	<b>39.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.6)</b>	<b>0.0</b>	<b>(0.6)</b>	<b>38.4</b>	<b>37.3</b>	<b>(1.1)</b>
Transfer to Reserves	2.4					0.0	2.4	0.4	(2.0)
<b>Total Use of Resources</b>	<b>\$120.5</b>	<b>\$1.1</b>	<b>\$1.9</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$3.0</b>	<b>\$123.5</b>	<b>\$121.2</b>	<b>(\$2.3)</b>

As the table suggests, the adjustments illustrate how the FY 2002/03 proposed budget will be \$2.3 million less than the FY 2001/02 adjusted budget. The largest adjustments, those for encumbrances and use of carry-forward savings, cause the FY 2001/02 adjusted budget to be \$3.0 million higher than the FY 2001/02 adopted budget. The other adjustments in the table reflect the allocation of significant service

overhead costs among departments but have no effect on the total General Fund expenditure levels. Further descriptions of each of the adjustments follow.

- **FY 2000/01 encumbrances:** Each year, departments may obligate funds for expenses yet to occur, such as when a purchase order has been issued but the related goods or services have not yet been received. This is a budget management tool designed to ensure that available funds are not inadvertently overcommitted. The encumbrances are removed and the expenditures recorded when the obligations are paid. The FY 2001/02 adjusted budget contains \$1.1 million encumbered from the prior year. This amount is higher than the average annual amount encumbered, mainly because of a \$600,000 encumbrance as of June 30, 2001 for major equipment in the Fire Department. As we do not expect to have this same level of encumbrance in FY 2002/03, encumbrances are a factor in the projected decrease in total spending.
- **Use of FY 1999/00 carry-forward savings:** Pursuant to City Council Expenditure Control Budget policies and authority delegated to the City Manager, departmental adjusted budgets incorporate budget transfers based on requests to use funds carried forward from prior years. Of \$8.7 million in total accumulated carry-forward funds, \$1.9 million were added to department budgets. Of the remaining \$6.8 million of carry-forward funds, \$2.2 million will be set aside for future departmental use. The balance of accumulated savings and assigned revenues has been retained in the General Fund to provide resources for the City's five-year budget forecast. Major components of the carry-forward funds used in FY 2001/02 include \$1.0 million to defray public safety retirement costs and \$500,000 for Fire Department emergency breathing equipment.
- **Vehicle replacement cost allocation:** In the FY 2001/02 adopted budget, \$600,000 in vehicle replacement costs were budgeted as transfers out of the General Fund to the CIP/ICAP. For the FY 2001/02 adjusted budget and the FY 2002/03 proposed budget, these contributions to vehicle replacement are now displayed in the General Fund departments that use the vehicles. This allocation reduces transfers out and more accurately reflects the costs of service in departments that use vehicles.
- **Information Systems cost allocation:** In the FY 2001/02 adopted budget, the Information Systems budget was displayed as part of General Government. For the FY 2001/02 adjusted budget and the FY 2002/03 proposed budget, Information Systems is reclassified as an internal service fund. For FY 2001/02, this reclassification results in a reduction in the General Government category of \$2.4 million, which is being redistributed to other General Fund functions. Additionally, \$1.5 million that was previously a transfer in to the General Fund is now charged directly to the other City funds that receive Information Systems services.



Another factor contributing to reduced spending in FY 2002/03 is the way in which the City budgets for employee leave costs. The change will lower costs for both FY 2001/02 and FY 2002/03, but it does not appear in the table above because it did not cause an adjustment to the FY 2001/02 adopted budget. Previously, departments budgeted for all vacation and general leave that would be earned during the year. A new accounting interpretation by the Governmental Accounting Standards Board (GASB Interpretation No. 6) requires the City to expense only the value of leave expected to be paid out in the next year, thereby reducing the amount of leave-related costs for which the City needs to budget by more than \$1.0 million annually.

### **Other Structural Changes Affect Department Budgets**

In addition to the previously identified changes, two other changes to the structure of the budget affect comparisons between the FY 2001/02 adopted and FY 2002/03 proposed budgets at the departmental level, even though they do not affect total General Fund spending:

- **Workers' compensation insurance cost allocation:** For the FY 2001/02 adjusted budget and the FY 2002/03 proposed budget, workers' compensation insurance costs are shifted from the salaries and benefits line item to the indirect expense allocation line item, thereby reducing the amount required for salaries and benefits. This change does not affect the total department budget, but shifts the costs from one line item to another.
- **General liability insurance cost allocation:** For the FY 2001/02 adjusted budget and FY 2002/03 proposed budget, general liability insurance costs are shifted from the operating expenditures line item to the indirect expense allocation line item. This change does not affect the total department budget, but shifts the costs from one line item to another.

### **Change in Total General Fund Budget**

To summarize, the FY 2002/03 proposed budget is \$2.3 million less than the FY 2001/02 adjusted budget for three reasons.

1. **Department budgets are increasing by only \$800,000, or less than 1%, over the FY 2001/02 adjusted budget level.** Considering normal cost increases for employee salaries and benefits, a nominal increase is made possible by a savings component that effectively reduces department budgets, and savings from a required accounting change that affects the way the City budgets for employee leave.
2. **Operating transfers out of the General Fund are decreasing by \$1.1 million,** as the FY 2001/02 budget included a one-time increased contribution to the CIP/ICAP for street maintenance that will not be made in FY 2002/03.

3. **The amount required for transfer out of the General Fund to reserves is \$2.0 million less than the amount required for FY 2001/02.** According to City Council policy, the Contingency Reserve and the Program Investment Reserve are to be maintained at 12.5% and 2.5%, respectively, of General Fund expenditures and transfers out. Because the budgeted increase in FY 2002/03 General Fund expenditures and transfers out is much smaller than the budgeted increase in FY 2001/02, the corresponding contribution required to maintain reserves is much less.

# Citywide Position Changes

## Citywide Position Changes

### Mid-Year FY 2001/02 Position Changes Appearing in FY 2002/03 Budget

#### Grant-Funded Positions Added to the General Fund

Clinical Supervisor	1.00
Human Services Support Specialist	1.00
Human Services Case Manager	0.25
Human Services Counselor	0.25

#### Special Revenue Fund Positions Added

##### Development Services Cost Center

Associate Landscape Architect	1.00
Environmental Specialist II	0.50

##### Redevelopment Agency

Management Analyst I	0.40
Neighborhoods Support Specialist	1.00

##### Recreation Cost Center

Senior Recreation Leader	1.00
Tiny Tot Specialist	0.65

##### Maintenance Cost Center

Building Trades Worker II	4.00
Street Maintenance Worker I	2.00
Street Maintenance Worker II	1.00
Park Maintenance Worker I	1.00

##### Senior Center

Senior Center Manager	1.00
Human Services Support Specialist	0.50

##### Information Systems Cost Center

Network Administrator	1.00
Computer Specialist	1.00

#### Special Revenue Fund Positions Eliminated

Senior Civil Engineer	-1.00
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#### General Fund Positions Added

City Clerk Support Specialist*	1.00
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#### General Fund Positions Eliminated

Human Services Case Manager	-1.00
Fire Support Specialist	-0.20

\* Position created from two existing half-time, temporary positions



## City Debt

Cities have primarily three choices in financing their operations and funding public facilities: pay-as-you-go, debt financing, and public-private ventures. The City has adopted a Long-Term Capital Debt Policy that sets the guidelines for issuing debt and provides guidance in the timing and structuring of long-term debt commitments. The City will consider the issuance of long-term debt obligations only under the conditions outlined in the policy. The Long-Term Capital Debt Policy is located at the end of this budget document. Present and future planned and anticipated debt payments affecting the operating budget are detailed on the “transfers summary” located in the General Fund section of this budget.

The charts below summarize the City’s long-term debt and future debt obligations.

### Debt Outstanding Year-End 2000 and 2001

	<u>2000</u>	<u>2001</u>
<b>Redevelopment Agency</b>		
Tax Increment Bonds, Redevelopment Agency, Tax Allocation Bond Series 2000	\$ -	\$ 50,000,000
<b>City's Certificates of Participation</b>		
1990 Public Financing Authority	6,025,000	5,775,000
1991 Public Financing Authority	4,400,000	4,300,000
1997 Public Financing Authority	14,120,000	13,850,000
1998 Public Financing Authority	49,895,000	48,300,000
2001 Public Financing Authority	-	34,860,000
<b>Total Certificates of Participation</b>	<b>74,440,000</b>	<b>107,085,000</b>
<b>Total Tax Increment Bonds and Certificates of Participation</b>	<b>\$ 74,440,000</b>	<b>\$ 157,085,000</b>

### Annual Debt Service Requirements

	<u>City's Certificates of Participation</u>	<u>Redevelopment</u>
2002	\$ 5,449,130	\$ 4,746,656
2003	7,220,128	4,885,534
2004	7,854,616	4,882,662
2005	7,835,284	4,879,564
2006	7,835,166	4,875,228
Thereafter	140,106,282	43,679,368
<b>Total Principal &amp; Interest</b>	<b>176,300,606</b>	<b>67,949,012</b>
Less Interest	(69,215,606)	(17,949,012)
<b>Total Principal</b>	<b>\$ 107,085,000</b>	<b>\$ 50,000,000</b>

### Legal Debt Margin

Under State law, the City has a legal debt limitation not to exceed 15% of the total assessed valuation of taxable property within the City boundaries. In accordance with California Government Code Section 43605, only the City's general obligation bonds are subject to the legal debt limit. With no outstanding debt subject to the legal debt limit and a legal debt limit of \$3,110,823,307, the City is not at risk of exceeding its legal debt limit.

### Computation of Legal Debt Margin as of June 30, 2001

Assessed Valuation (Net) <sup>1</sup>	\$ 20,738,822,048
Debt Limit: 15% of assessed value	\$ 3,110,823,307
Less Outstanding Debt (Subject to Legal Debt Limit)	-
Legal Debt Margin	\$ 3,110,823,307

<sup>1</sup> Source: Alameda County-Controller's Office Certification as reported in *City of Fremont, California Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2001*.

### Compliance with Long-Term Capital Policy

The City of Fremont's Long-Term Capital Debt Policy, adopted by the City Council on May 7, 1996, and revised and readopted with the CIP/ICAP on July 8, 1998, requires that General Fund supported debt service will not exceed 7% of total General Fund budgeted expenditures and transfers out. With FY 2002/03 General Fund supported debt service of \$5,578,000, and a debt level limit of \$8,454,670 the City has not exceeded its debt service limit.

### Computation of Compliance with Debt Service Limit

Total General Fund Budgeted Expenditures and Transfers Out	\$ 120,781,000
Policy Debt Level Limit, 7% of Total Budgeted Expenditures and Transfers Out	\$ 8,454,670
Less General Fund Supported Debt Service	5,578,000
Policy Debt Margin	\$ 2,876,670



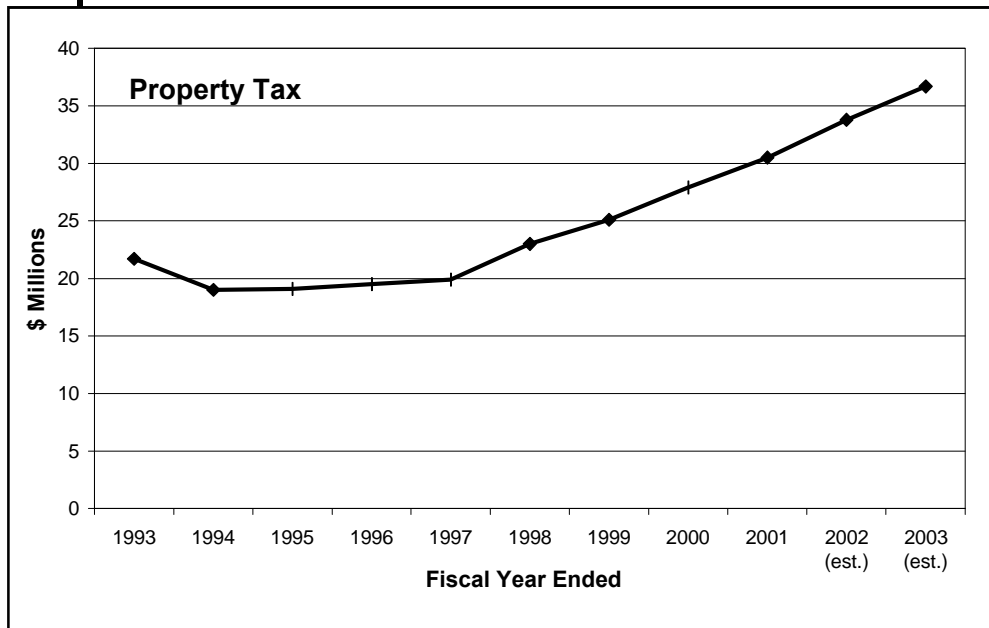
# City Revenues

This section describes the major revenues received by the City of Fremont. It also provides historical information. Assumptions for revenues included in this budget are described in the five-year forecast section of this document.

Total General Fund revenues (excluding transfers in) for FY 2002/03 are forecasted at \$110.6 million, which represents a \$5.6 million (5.3%) increase from estimated actual revenues for FY 2001/02. This revenue level is approximately equal to the amount of revenue received in FY 2000/01. The setback in revenue growth is largely due to the effects of the economic downturn that is projected to result in a revenue shortfall in FY 2001/02. Typically, the City's revenue estimates prove conservative, and actual revenues exceed budget. However, FY 2001/02 estimated actual revenues are \$600,000 less, excluding transfers in, than those budgeted in FY 2001/02. Therefore, FY 2001/02 performance reset the baseline at a lower level, from which revenues will grow in FY 2002/03.

## Property Tax

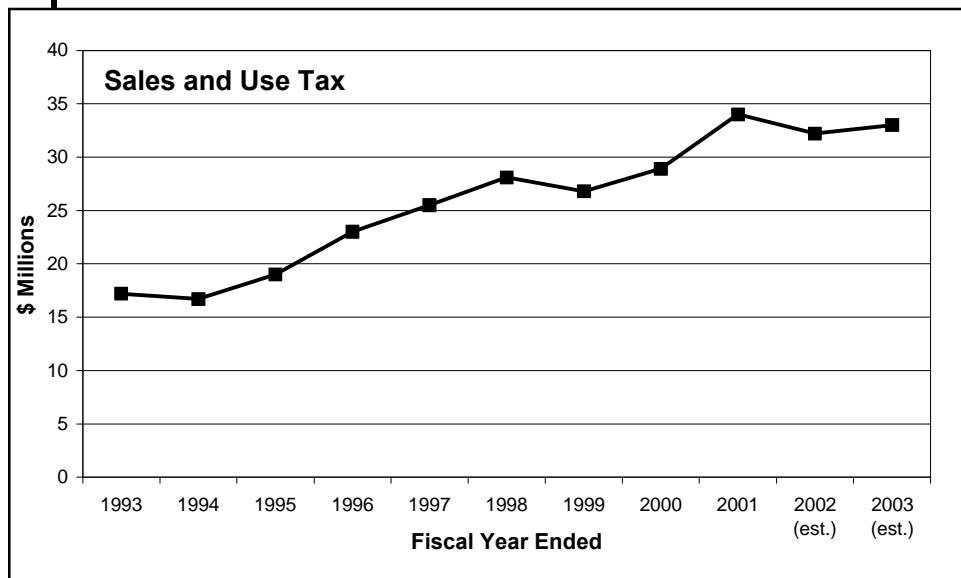
Property tax, the largest revenue source for the General Fund, comprising approximately 33% of General Fund revenues, is imposed on real property (land and permanently attached improvements such as buildings) and personal property (movable property). It is based on the property's assessed value as determined by the County Assessor. The property tax rate is limited to 1% of the assessed value plus rates imposed to fund indebtedness approved by the voters. In FY 2002/03, this revenue is expected to grow 8.6% over the FY 2000/01 estimated actual amount. This growth reflects a strong increase in the assessed valuation of property in Fremont.



### Sales and Use Tax

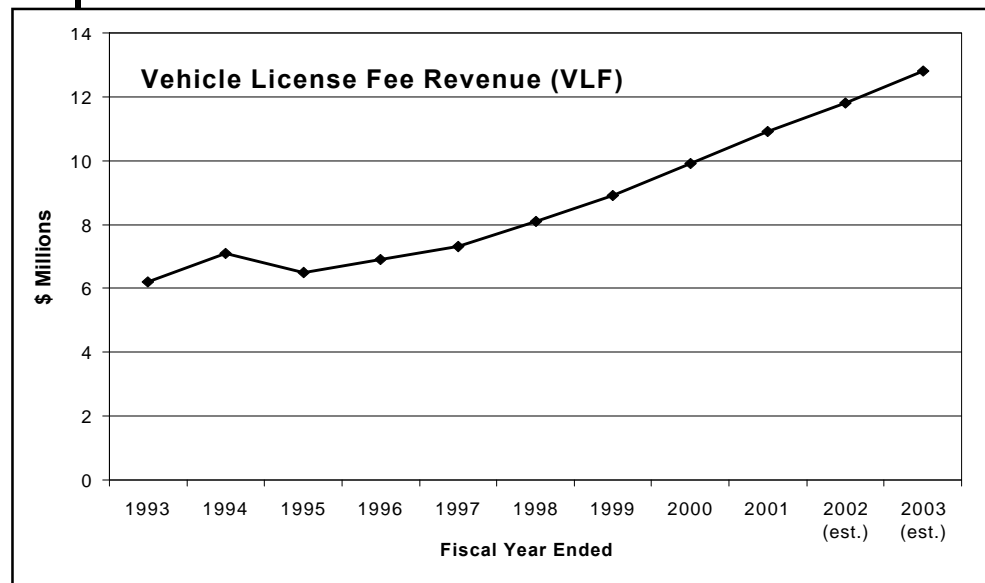
Sales tax represents the second largest revenue source for the General Fund. Sales tax is imposed on retailers for the privilege of selling goods and services in California. One percent is collected by the State Board of Equalization and then allocated back to cities and counties based on a point-of-sale formula. The City also receives sales tax funding through the half-cent tax passed by the voters for public safety (Proposition 172), which is forecasted at \$1.1 million for FY 2002/03. The use tax complements the sales tax (at the same rate) and is imposed for transactions on which sales tax is not collected.

Based on rapid sales and use tax growth of recent years, 27% between FY 1998/99 and FY 2000/01, the FY 2001/02 budget projected continued growth. Because of the economic downturn that significantly affected retail and business-to-business sales, FY 2001/02 sales and use tax are estimated to finish the year approximately \$2.1 million below the budgeted level of \$34.3 million. Sales and use tax are projected to resume growth in FY 2002/03, increasing by 2.5%, to \$33.0 million.



### Vehicle License Fees (VLF)

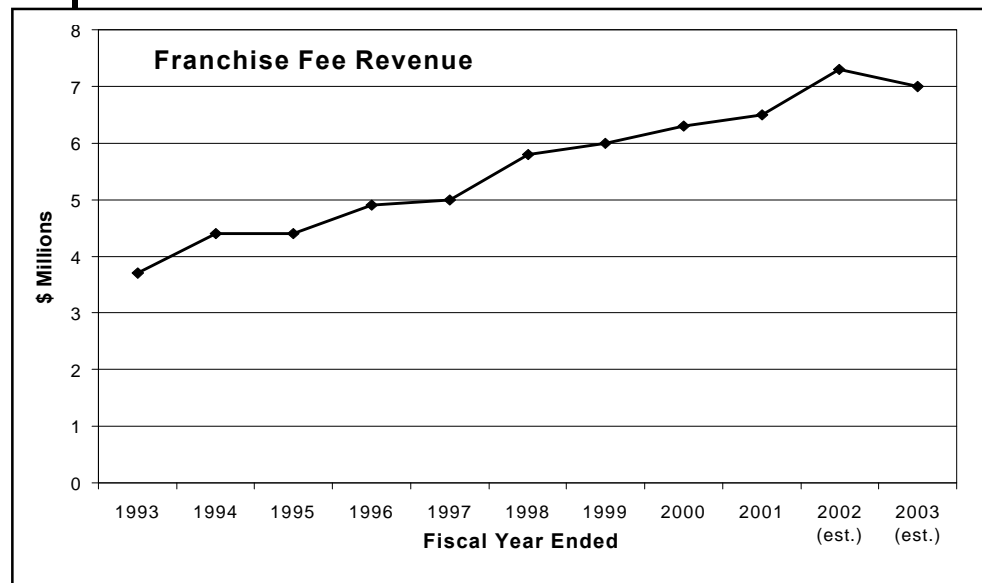
A vehicle license fee equivalent to 1.5% of the market value of motor vehicles is imposed annually by the State and collected on behalf of cities and counties “in lieu” of local property taxes. This tax is primarily allocated based on population after being evenly divided between cities and counties. As part of its FY 1998/99 and FY 1999/00 budget adoption, the State reduced the vehicle license fee by 35% as a tax relief to vehicle owners but made up this shortfall to local governments from its general fund. In FY 2000/01, the State cut the VLF by another 32%, for a total of 67%. The VLF is a vulnerable revenue source because the State could reduce, or not backfill at all, the amount it transfers to local governments. This budget, however, assumes the State will continue to backfill the total amount. VLF revenue is expected to grow by 8.5% over the FY 2001/02 projected amount. This increase reflects moderate growth in the sale of new vehicles, as well as an increase in the total market value of motor vehicles in California.



### Franchise Fees

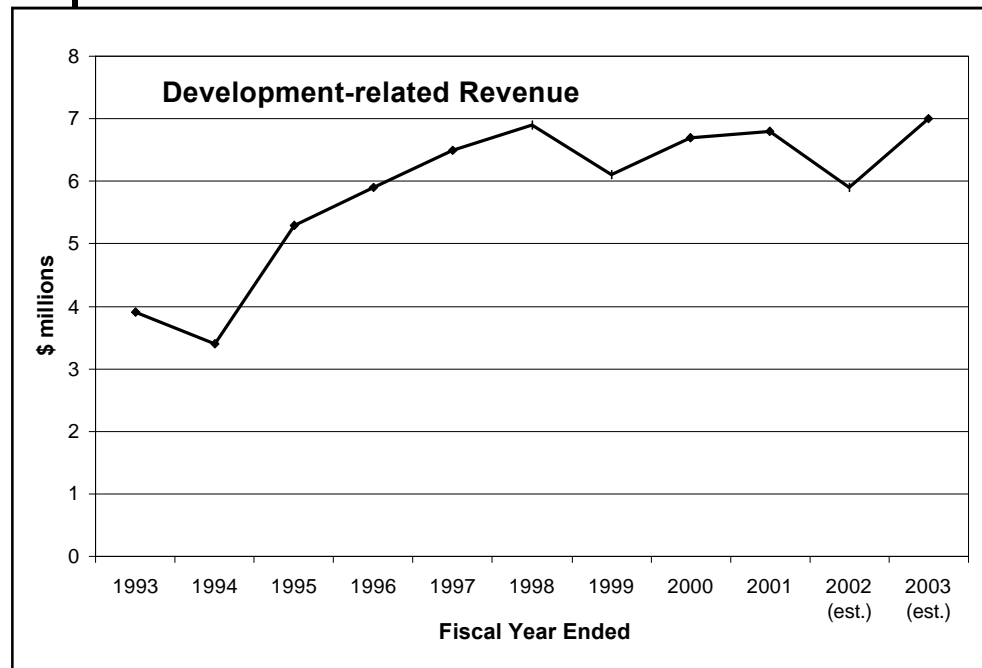
State statutes provide Fremont with the authority to impose fees on privately owned utility companies and other businesses for the privilege of using City rights-of-way. The City receives various franchise fees from electric and gas utilities, the solid waste franchise collector, and cable companies. Electric and gas franchise fees are paid annually in April; cable television and refuse franchise fees are remitted quarterly and monthly, respectively.

Despite PG&E's bankruptcy filing, we expect the company will continue to pay its franchise fee. However, the recent volatility in the energy market has turned this usually stable and predictable revenue source into one of the most difficult to forecast. PG&E revenues out-performed the FY 2001/02 budgeted level by almost 20%, most likely because of high energy costs in 2001. We do not feel that this growth rate is sustainable or that it provides a reasonable base for future projection, so we are forecasting that total franchise fees will decrease slightly in FY 2002/03.



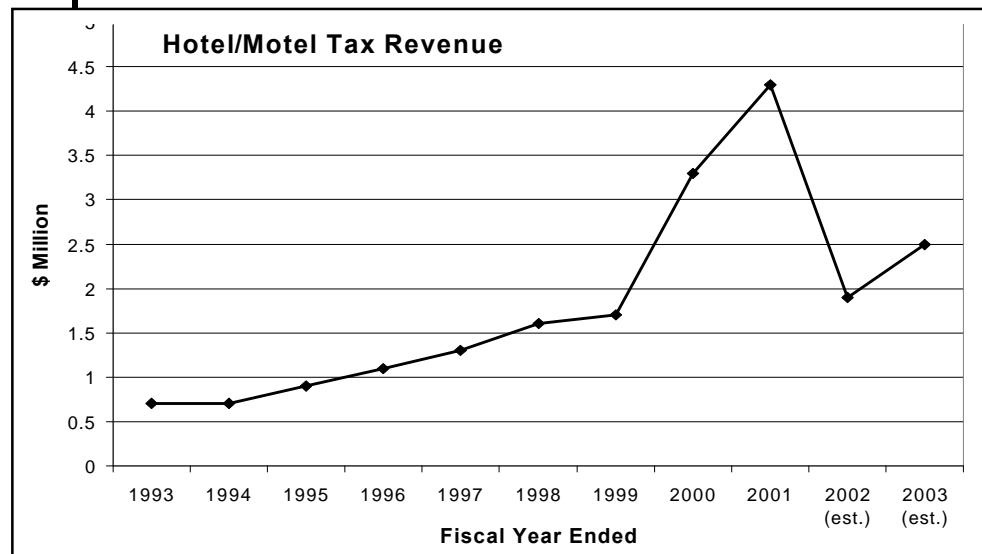
### Development-Related Revenue

The City places all development-related costs — including a variety of fees, licenses, and permits related to development — in the Development Cost Center. These revenues support the development-related activities of the cost center, including plan-checking, building inspection, and engineering activities. The City experienced strong growth in construction activity during the mid-1990s. With the economic slowdown that began in FY 2000/01, development-related revenues declined. FY 2001/02 revenues are estimated to be 13% lower than FY 2000/01. Projections for FY 2002/03 assume a return to revenue levels similar to the FY 2000/01 through a moderate economic recovery in the construction sector and a potential increase in fee levels.



### Hotel/Motel Tax

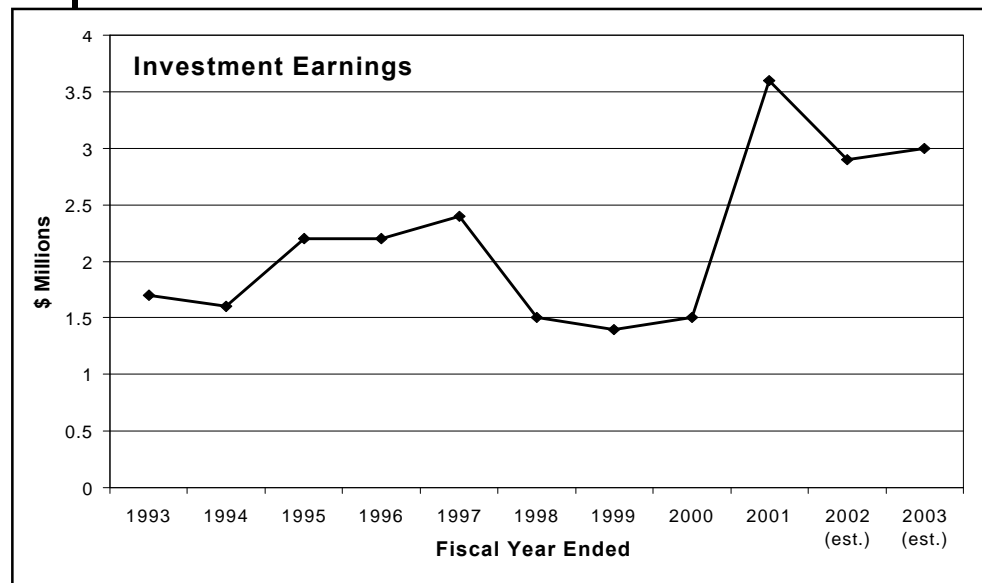
Hotel/motel tax revenues experienced a major decrease in 2001/02. Instead of receiving \$4.6 million as budgeted, the City estimates actual receipts to be \$1.9 million, or a \$2.7 million shortfall compared with the budget. The FY 2001/02 budget was based on rapid growth in hotel rooms and business activity during calendar years 1999 and 2000, which had yielded unprecedented hotel/motel tax revenue growth. Revenue began declining late in 2000 as the economy soured, a trend that was reinforced with the travel industry effects of September 2001. The declining trend appears to be reversing slowly, and we expect FY 2002/03 revenue to increase from FY2001/02 levels by 32.0% to \$2.5 million.





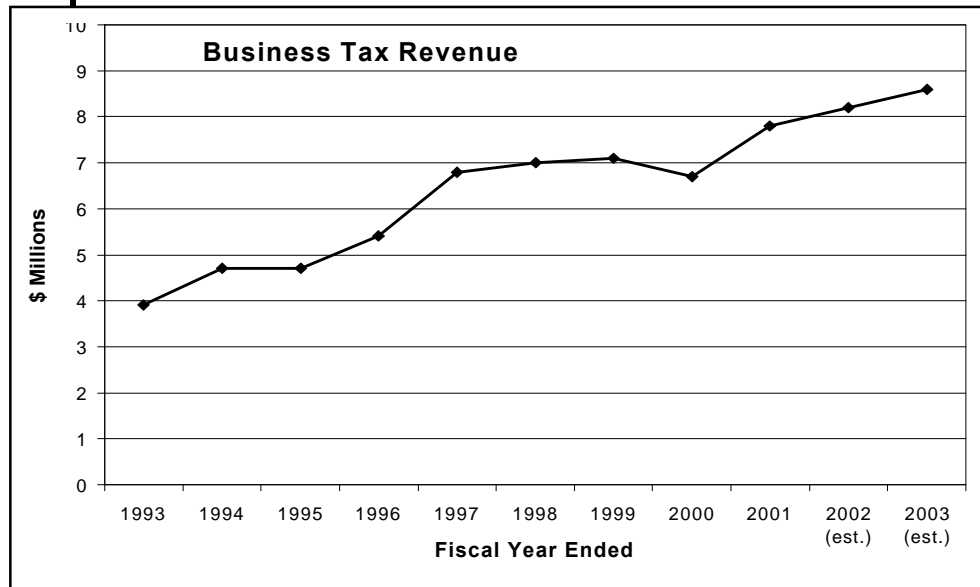
### Investment Earnings

The City earns revenue from the prudent investment of its idle funds. In making investment decisions, consideration is given to safety, liquidity, and yield, in that order. A report of all City investment activity is presented to the City Council monthly. Investment earnings also include unrealized gains/losses which reflect a change in the market value of the City's investments. Because these gains and losses are driven by fluctuations in interest rates and do not actually occur until the investment is actually sold or matures, the City does not include these in its budget projections. Falling interest rates in FY 2000/01 were responsible for the significant increase in booked investment earnings for that year. Falling interest rates in FY 2000/01 were responsible for the significant increase in booked investment earnings for that year. The City expects a 19.4% decrease in investment earnings in FY 2001/02, and a modest increase in FY 2002/03. This increase is due to the growth in portfolio size and assumes that interest rates remain steady.



### Business Tax

The business tax is imposed on entities conducting business within the City of Fremont. The rate varies depending on the type and size of business. For FY 2002/03, we forecast business tax revenues to grow 2.8% over the estimated actual amount in FY 2001/02. This growth reflects steady business activity in the City during FY 2001/02, as well as strong enforcement activity.



## General Fund

The General Fund accounts for the proceeds of tax revenues and other general revenues that are expended for the City's general operations.

### Contingency Reserve

The Contingency Reserve was established to help mitigate the effects of such unanticipated situations as economic downturns, loss of revenues, errors in financial forecasting and natural disasters. This reserve is maintained at a level of 12.5% of expenditures and transfers out. The policy governing this reserve is located at the end of this budget document.

### Program Investment Reserve

The Program Investment Reserve was created to provide a source of working capital for new programs or enterprises that have the potential for costs to be covered by outside sources. This reserve is maintained at a level of 2.5% of expenditures and transfers out. The policy governing this reserve is located at the end of this budget document.

### Budget Uncertainty Reserve

The Budget Uncertainty Reserve is a new reserve which is intended to be temporary. Its purpose is to support more aggressive revenue collection assumptions and expenditure reduction targets. The unspent portion of the reserve will be reconsidered each year for continuation or elimination. If eliminated, the unspent funds will be designated for capital projects, budgeted for service enhancement, or returned to the General Fund available fund balance. The policy governing this reserve is located at the end of this document.



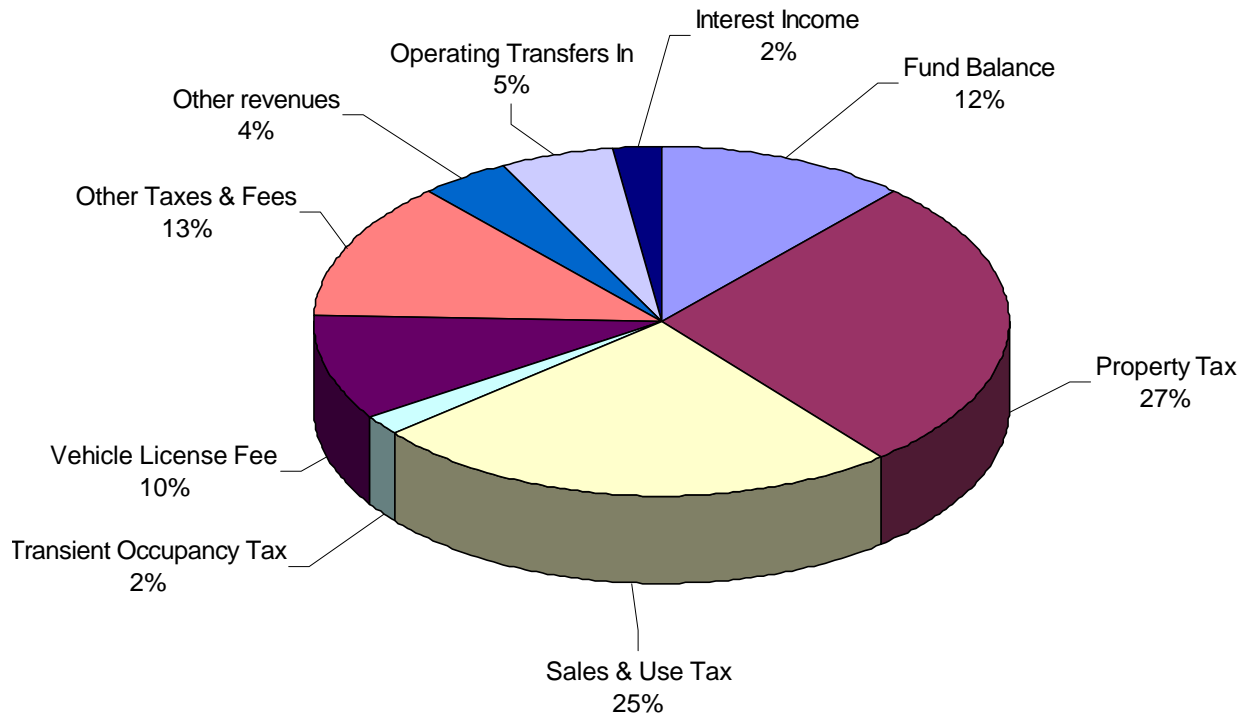
*Fremont's Central Park as seen from the East Bay hills.*

<b>General Fund</b>					
			Program	Short-Term	<b>Total</b>
	General	Contingency	Investment	Budget Uncertainty	<b>General</b>
<b>(Thousands of Dollars)</b>	<b>Fund</b>	<b>Reserve</b>	<b>Reserve</b>	<b>Reserve</b>	<b>Fund</b>
<b>Fund Balance - 6/30/02 (est.)</b>	\$15,892	\$14,761	\$2,952	\$6,200	\$39,805
<b>Revenues:</b>					
Property Tax	36,697				36,697
Sales & Use Tax	33,038				33,038
Franchises	6,996				6,996
Business Tax	8,571				8,571
Interest Income	2,973				2,973
Transient Occupancy tax	2,522				2,522
Vehicle License Fee	12,811				12,811
Paramedics	1,467				1,467
Intergovernmental Revenues	1,020				1,020
Charges for Services	1,830				1,830
Fines	1,968				1,968
Other Revenues	710				710
<b>Total Revenues</b>	110,603				110,603
Operating Transfers In	7,488	293	59		7,840
<b>Total Available Resources</b>	133,983	15,054	3,011	6,200	158,248
<b>Expenditures</b>					
General Government	12,337				12,337
Public Safety:					
Police	40,137				40,137
Fire	23,943				23,943
Development and Environmental Services:					
Planning					
Building & Safety					
Engineering					
Community Preservation (1)	738				738
Environmental Services					
Human Services	2,884				2,884
Maintenance and Recreation:					
Maintenance (2)					
Recreation (3)					
Neighborhoods	356				356
Non-departmental	2,684				2,684
TRANS Debt costs	400				400
<b>Total Expenditures</b>	83,479				83,479
Operating Transfers Out (4)	37,302				37,302
Transfers to Reserves	405				405
<b>Total Use of Resources</b>	121,186				121,186
<b>Fund Balance - 6/30/03 (est.)</b>	\$12,797	\$15,054	\$3,011	\$6,200	\$37,062

NOTE: 1) The only General Fund costs displayed in this chart for Development and Environmental Services are for Community Preservation. Other department costs are displayed in the Other Funds section of this document. 2) Maintenance activities are funded in the Integrated Capital Assets Plan and can be found in the Capital Funds section of this document. 3) Recreation activities are funded in the Recreation Cost Center with a combination of General Fund and fee revenues. Department costs can be found in the Cost Centers/Internal Service section of this document. 4) Detail of the Operating Transfers In and Operating Transfers Out can be found in the Five-Year Forecast section of the document.

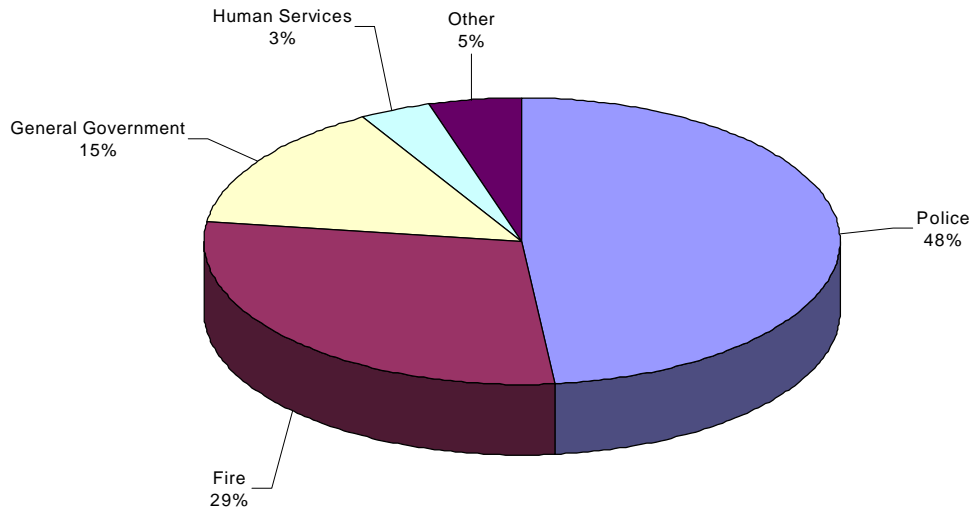
# General Fund Operating Resources

**General Fund Available Resources  
Fiscal 2002/03: \$134.0 million**

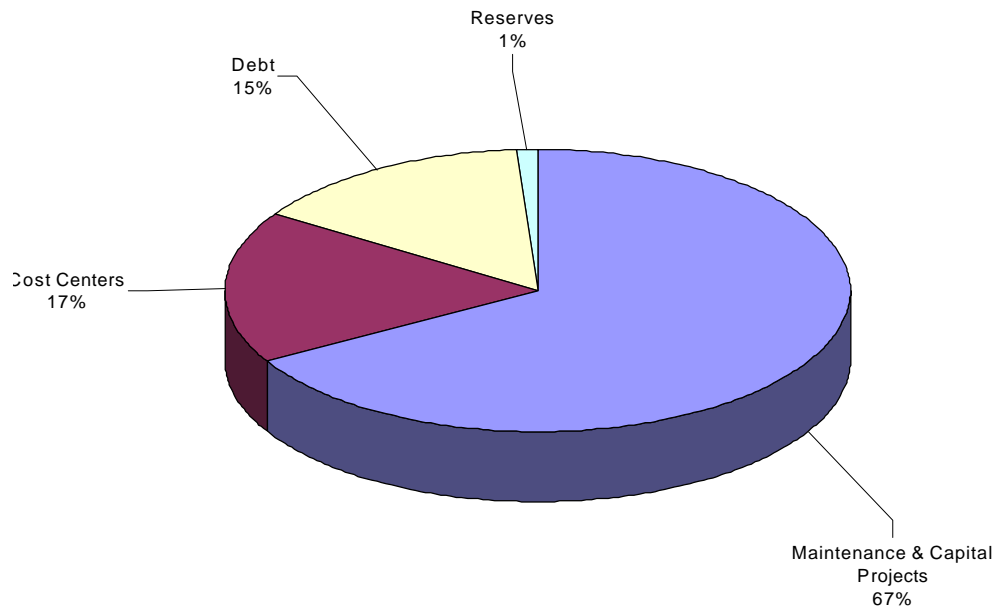


# General Fund Allocation of Resources

**General Fund Expenditures**  
FY 2002/03: \$83.5 million



**General Fund Operating and Reserve Transfers**  
FY 2002/03 \$37.7 million





## Non-Departmental Budget

Appropriations of the General Fund not directly associated with specific departments are classified as “nondepartmental.” Several expenditure items are included, as well as certain types of anticipated general savings that are not identified with or allocated to individual departments.

### Expenditure Items

- |  |                |
|--|----------------|
| • Operating costs for extra hours for Fremont’s libraries  | \$737,000      |
| • City Manager’s contingency account                       | 500,000        |
| • Employee leave pay-out                                   | 650,000        |
| • Tuition reimbursement through bargaining unit agreements | 25,000         |
| • Property tax administration fee and sales tax audit fee  | 266,000        |
| • Other non-departmental                                   | <u>506,000</u> |

<b>Non-Departmental Budget</b>	<b>\$2,684,000</b>
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# Five-Year Forecast

## Overview

Five-year forecasting is an important tool in the City's long-range financial planning. The economic recession of the early 1990s highlighted the importance of monitoring projected revenues and future expenditures to ensure that any added ongoing costs can be met with realistic future revenue streams. The five-year forecast is updated after the first quarter and at mid-year, and again during budget development for the following year, using the most current information available.

The forecast models significant assumptions made for each forecast year and distinguishes between ongoing costs and onetime expenditures. This section reviews the major assumptions in the model and highlights accounting, programmatic and policy considerations accounted for in the forecast.

## General Assumptions

The five-year forecast includes estimated actual results for FY 2001/02 and forecasts of revenues and expenditures for the next five years, through FY 2006/07. The forecast assumes the following: (a) revenues reflecting a moderate economic recovery from the FY 2001/02 downturn, (b) expenditure increases based on negotiated agreements with employee bargaining units and the Consumer Price Index, (c) increases in planned service levels, (d) commitments for fund transfers contained in the Adopted 2001/06 CIP/ICAP budget, and (e) commitments for all known and anticipated debt service.

## Fund Balance

In the forecast, the ending fund balance for one year becomes the beginning fund balance for the following year. The ending fund balance for FY 2000/01 of \$27.8 million became the beginning fund balance for FY 2001/02. The net results of operations for FY 2001/02 is projected to be negative \$3.3 million, mostly due to revenue shortfalls. Additionally, \$6.6 million will be transferred to General Fund reserves. The combination of net results and the transfer to reserves is subtracted from the beginning fund balance, for an ending fund balance of \$15.9 million, which becomes the beginning fund balance for FY 2002/03.

The net results trend is one of the most useful for budget planning and management. In each year of the current forecast, except for FY 2006/07, expenditures including transfers out are greater than revenues including transfers in, resulting in negative net results. Consequently, the ending fund balance in FY 2006/07 is only slightly higher than zero. Without changes in expenditures or increased revenues, the City will consume all of its accumulated fund balance over the five-year forecast. Of course, staff would recommend course corrections long before consuming the entire fund balance. Without a five-year planning horizon, however, the City risks making decisions that jeopardize its financial sustainability.

## Revenue Assumptions

Property tax makes up approximately 33% of total General Fund revenues, and 31% of all General Fund resources, in FY 2002/03. The City receives a property tax allocation from Alameda County based on growth in the City's assessed property valuation. Property tax in the five-year forecast

reflects an increase of 7% in FY 2002/03 and FY 2003/04, and 8% in FY 2004/05 thru FY 2006/07. The forecast assumes no Educational Revenue Augmentation Fund (ERAF) relief. ERAF is the State legislation that takes more than \$9 million property tax annually that would otherwise come to the City.

Sales/use tax comprises approximately 30% of total General Fund revenues, and 28% of all General Fund resources, in FY 2002/03. After unprecedented sales tax revenue growth in FY 2000/01, the City experienced a decrease of 5% in FY 2001/02, due to the national economic slowdown. In FY 2002/03, the City expects sales tax revenue to resume moderate growth at 3%. For the five-year forecast, sales tax growth is projected to accelerate by 5.5% in FY 2003/04, 6.0% in FY 2004/05, 7.0% in FY 2005/06, and 7.5% in FY 2006/07.

Proposition 172 (one-half cent sales tax) is included in the sales tax category in the five-year forecast. It is allocated countywide and is expected to increase at the same rate as general sales tax, even though the allocation method for this revenue is separate from the allocation of other sales/use tax.

Other taxes, franchises and permits. Separate estimates are made for each of the revenue sources that comprise this category. The most significant are motor vehicle license fees (VLF), business tax, and franchise fees. VLF is projected to grow at 7% annually, assuming the State continues to backfill funds to the City to compensate for the reduction of fees to vehicle owners. The business tax category of revenues is forecast to increase 3% in FY 2002/03, and 5% annually through FY 2006/07. Franchise fees outperformed budget estimates by 18% in FY 2001/02. As this may not be sustainable growth in the long-term, the projection for FY 2002/03 is for a 5% decrease. The projection for FY 2003/04 is a 4% increase, with a 3% increase through FY 2006/07. The hotel/motel tax, which decreased by more than 50% during the downturn of FY 2001/02, is expected to rebound by 30% in FY 2002/03, increase by 20% in FY 2003/04, 15% in FY 2004/05, and 10% in the final two years of the forecast

Interest and intergovernmental. Interest income is expected to grow 3% over the five-year forecast period, anticipating a small increase in the City's investment portfolio. This conservative assumption reflects the fact that interest rates and General Fund cash balances, the two factors that determine interest income, are difficult to forecast. Intergovernmental revenues are expected to grow approximately 3% throughout the five-year forecast.

Charges for services. This category consists mainly of revenues received from various services provided by City staff to local private events, and reimbursements from Fremont Unified School District for part of the costs of School Resource Officers. The growth rate for charges from services is approximately 3% in FY 2002/03 and thereafter.

Other revenues are expected to grow by about 2% annually throughout the forecast period.

## Operating Transfers In

The amounts shown as “Operating Transfers In” represent primarily overhead cost allocations and other General Fund service charges to other funds of the City. A schedule detailing all transfers for the five-year period is located in the General Fund section of this budget document.

## Expenditures

In the five-year forecast, budgeted salary and benefit expenditures have been increased each year based on increased rates and information from negotiated agreements with bargaining units, where available. The forecast uses the budget for FY 2002/03 as its base year. New staff and operating and capital expenditures added for this year are discussed in detail in both the Budget Overview and the departmental sections.

Salary and benefit projections are based on the budget estimate for FY 2002/03. Estimates incorporate many elements from bargaining unit agreements, the current status of each position, and each individual employee’s salary. As a result, cost estimates for currently authorized staff are reasonably accurate.

The five-year forecast incorporates assumptions associated with expenditure control budgeting (ECB). ECB, as implemented in Fremont, limits expenditure budget increases to negotiated increases for salaries and an inflation-related percentage increase for non-salary items. Departments are expected to manage operations within these expenditure growth limits. In exchange for limits on budget increases, the ECB system allows departments to use a portion of budget savings (that is, appropriations minus expenditures) generated in prior years. The forecast assumes that departments will save approximately 1.5% of their budgets. Of this savings, 75% will return to fund balance and 25% will be available for departmental programming upon City Manager approval of a spending plan.

Included in “other non-departmental” are the City Manager’s contingency allocation, the City’s contribution for extra library hours, the employee assistance program, and other costs. The budgetary assumptions for this line are detailed in the General Fund section of this budget.

## Operating Transfers Out

A schedule of transfers out for the five-year period is contained in the General Fund section of this budget document. The reasons the transfers vary over the next five years include the following:

- *Contributions to the Capital Improvement Program/Integrated Capital Assets Plan* – Contributions from the General Fund to the Capital Improvement Program/Integrated Capital Assets Plan (CIP/ICAP) support the acquisition and maintenance of the City’s capital assets. The General Fund is contributing \$25.1 million to the CIP/ICAP during FY 2002/03, a decrease of \$2.2 million from the budgeted contribution in FY 2001/02. This budget is decreasing because the FY 2001/02 contribution included funds for a one-time maintenance

enhancement project and a major land purchase. Offsetting the FY 2002/03 decrease from one-time expenditures is an increase of \$1.0 million per year for investment in Fremont's downtown.

- *Debt service* – For FY 2002/03, budgeted transfers for debt service are increasing over those budgeted in FY 2001/02. This is primarily the result of the beginning of debt service payments for a bond issuance that partially funds a new fire station and the remodel of another fire station. The forecast for debt service increases significantly in FY 2004/05, as debt service payments are scheduled to begin for the new Corporation Yard and the Northgate Community/Senior Center.
- *The General Fund allocation to the Development, Senior Center, and Recreation Cost Centers*

The General Fund allocation to the Development Cost Center covers the cost of services provided by the Development Cost Center to the General Fund. The General Fund allocation to the Development Cost Center for FY 2002/03 is \$114,375 more than the allocation in FY 2001/02 to cover the existing level of service.

The General Fund allocation to the Senior Center supports staffing and operations costs at that facility. In FY 2002/03, the allocation to the Senior Center is increasing by approximately \$68,000 over the FY 2000/01 amount. This includes additional staffing costs that the General Fund agreed to support in FY 2001/02 and thereafter.

The General Fund allocation to the Recreation Cost Center supports activities not otherwise covered by fees. In FY 2002/03, the allocation to this cost center is increasing by \$286,000 to cover increases in existing costs. The increase can be attributed to labor increases as a result of bargaining unit agreements, an additional position for the teen center scheduled to open in 2002, and certain onetime costs. The contribution is 2.2% less than the calculated contribution to reflect a budget reduction similar to that required of General Fund departments. Staff refined the basis for the General Fund contribution to the cost center, which will prompt a General Fund contribution increase from \$3.3 million to \$3.9 million over the five-year forecast period. The plan to ramp-up to the negotiated level instead of adjusting for the entire increase in FY 2002/03 makes an additional \$250,000 per year available to the General Fund that otherwise would have supported cost center activities.

- *Transfers to Reserves* – City Council policies require that 15% of total General Fund expenditures and transfers out be held in two reserves, the Contingency Reserve (12.5%) and the Program Investment Reserve (2.5%). Consistent with these policies, the City will transfer \$405,000 to General Fund Reserves in FY 2002/03, with similar contributions, based on General Fund growth, projected through FY 2006/07.

The forecast presented in the FY 2002/03 budget contains a new, temporary Budget Uncertainty Reserve. This reserve, initially budgeted at \$6.2 million, is intended to reinforce other revenue and expenditure assumptions in the forecast considering the level of uncertainty facing the City in FY 2002/03.

General Fund Recommended Budget and Forecast Through 2006/07						
(Thousands of Dollars)	FY 01/02 Est. Actual	FY 02/03 Proposed	FY 03/04	FY 04/05	FY 05/06	FY 06/07
<b>Revenues:</b>						
Property Tax	33,795	36,697	39,266	42,407	45,800	49,463
Sales & Use Tax	32,170	33,038	34,887	37,012	39,632	42,632
Franchises	7,254	6,996	7,290	7,536	7,763	7,999
Business Tax	8,213	8,571	9,000	9,449	9,922	10,418
Interest Income	2,929	2,973	3,075	3,178	3,280	3,383
Transient Occupancy tax	1,912	2,522	3,026	3,480	3,827	4,211
Vehicle License Fee	11,798	12,811	13,708	14,668	15,695	16,793
Paramedics	1,121	1,467	1,520	1,575	1,633	1,692
Intergovernmental Revenues	1,033	1,020	1,041	1,063	1,084	1,106
Charges for Services	1,906	1,830	1,858	1,923	1,949	2,012
Fines	1,919	1,968	1,989	2,009	2,030	2,091
Other Revenues	952	710	738	766	795	825
<b>Total Revenues</b>	<b>105,002</b>	<b>110,603</b>	<b>117,398</b>	<b>125,066</b>	<b>133,410</b>	<b>142,625</b>
<b>Operating Transfers In:</b>						
Recurring Transfers In	6,579	7,488	7,804	8,081	8,418	8,716
Non-recurring Transfers In	410					
<b>Total Operating Transfers In</b>	<b>6,989</b>	<b>7,488</b>	<b>7,804</b>	<b>8,081</b>	<b>8,418</b>	<b>8,716</b>
<b>Resources Available:</b>						
<b>Revenues plus Operating Transfers In</b>	<b>111,991</b>	<b>118,091</b>	<b>125,202</b>	<b>133,147</b>	<b>141,828</b>	<b>151,341</b>
<b>Expenditures:</b>						
General government	10,884	12,337	13,375	14,249	14,820	15,639
Police	37,726	40,137	42,945	46,101	48,873	51,733
Fire	24,089	23,943	25,521	27,415	29,008	30,779
Community Preservation (DES)	577	738	822	877	923	972
Human Services	2,589	2,884	3,207	3,410	3,583	3,765
Neighborhoods	345	356	385	405	424	444
Other Non-Departmental	1,131	2,684	765	713	686	707
TRANS (debt) costs	317	400	400	500	500	500
<b>Total Expenditures</b>	<b>77,658</b>	<b>83,479</b>	<b>87,420</b>	<b>93,670</b>	<b>98,817</b>	<b>104,539</b>
<b>Operating Transfers Out:</b>						
Integrated Capital Assets Plan	26,428	25,108	26,322	27,146	28,070	29,030
Debt	5,042	5,578	6,926	9,701	9,731	9,767
Cost Center Allocations	6,153	6,566	6,668	6,909	7,158	7,665
Other	50	50	50	50	50	50
<b>Total Operating Transfers Out</b>	<b>37,673</b>	<b>37,302</b>	<b>39,966</b>	<b>43,806</b>	<b>45,009</b>	<b>46,512</b>
<b>Resources Used:</b>						
<b>(Expenditures plus Operating Transfers Out)</b>	<b>115,331</b>	<b>120,781</b>	<b>127,386</b>	<b>137,476</b>	<b>143,826</b>	<b>151,051</b>
<b>Net Results of Operations:</b>						
<b>(Resources Available less Resources Used)</b>	<b>(3,340)</b>	<b>(2,690)</b>	<b>(2,184)</b>	<b>(4,329)</b>	<b>(1,998)</b>	<b>290</b>
Transfer to Reserves	8,596	405	990	1,514	952	1,083
<b>Beginning Fund Balance:</b>						
<b>(Ending Fund Balance from the Prior Year)</b>	<b>27,828</b>	<b>15,892</b>	<b>12,797</b>	<b>9,623</b>	<b>3,780</b>	<b>830</b>
<b>Ending Fund Balance</b>	<b>15,892</b>	<b>12,797</b>	<b>9,623</b>	<b>3,780</b>	<b>830</b>	<b>37</b>



# Operating Transfers Detail for the General Fund

Transfer In Detail						
(Thousands of Dollars)	FY 01/02 Est. Actual	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07
<b>Overhead Transfers In From Other Funds:</b>						
Overhead charges to development (Funds 011, 012, 013)	\$ 1,484	\$ 1,703	\$ 1,771	\$ 1,842	\$ 1,916	\$ 1,993
Overhead charges to environmental (Fund 115,123)	129	319	332	345	359	373
Overhead charges to Paratransit (Fund 151, 164)	22	91	95	99	103	107
Human Services Overhead to Grants	26	31	32	33	34	35
Overhead charges to Recreation (Fund 189)	735	786	817	850	884	919
Overhead charges to ICAP (Fund 500)	2,500	2,541	2,643	2,749	2,859	2,973
Overhead amounts to INFO SYS (Fund 620)	513	568	591	615	640	666
Overhead charges to LLMDs (Fund 460)	4	4	4	4	4	4
Overhead charges to Multifamily Housing (Fund 191)	26	25	26	27	28	29
Overhead charges to Low & Moderate Housing (Fund 911)	69	91	95	99	103	107
Overhead from RDA (Fund 950)	221	354	368	383	398	414
Leave separation annuity charge	-	125	130	135	140	146
<b>Sub-total Recurring Transfers In from Other Funds</b>	<b>\$ 5,729</b>	<b>\$ 6,638</b>	<b>\$ 6,904</b>	<b>\$ 7,181</b>	<b>\$ 7,468</b>	<b>\$ 7,766</b>
<b>Miscellaneous Recurring Transfers In:</b>						
Impact fee reimbursement	850	850	900	900	950	950
<b>Sub-total Misc. Recurring Transfers In</b>	<b>\$ 850</b>	<b>\$ 850</b>	<b>\$ 900</b>	<b>\$ 900</b>	<b>\$ 950</b>	<b>\$ 950</b>
<b>Miscellaneous Non-recurring Transfers In:</b>						
Transfers from LID 26	410	-	-	-	-	-
<b>Sub-total Misc. Non-recurring Transfers In</b>	<b>\$ 410</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL OPERATING TRANSFERS IN</b>	<b>\$ 6,989</b>	<b>\$ 7,804</b>	<b>\$ 7,854</b>	<b>\$ 8,081</b>	<b>\$ 8,418</b>	<b>\$ 8,716</b>

Transfer Out Detail						
(Thousands of Dollars)	FY 01/02 Est. Actual	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07
<b>Transfers to the CIP:</b>						
Contribution to Maintenance	\$ 20,108	\$ 21,108	\$ 22,322	\$ 23,146	\$ 24,070	\$ 25,030
Contribution to Other CIP Projects	2,000	2,000	2,000	2,000	2,000	2,000
Additional CIP contribution	1,700	-	-	-	-	-
Ramp up Cost for Downtown Plan	1,000	2,000	2,000	2,000	2,000	2,000
Catellus Parcel Transfer to CIP	1,620	-	-	-	-	-
<b>Sub-total - Transfers for the ICAP</b>	<b>\$ 26,428</b>	<b>\$ 25,108</b>	<b>\$ 26,322</b>	<b>\$ 27,146</b>	<b>\$ 28,070</b>	<b>\$ 29,030</b>
<b>Transfers for Debt Service:</b>						
1990 COP 39550 Lib. St. and fire trucks	410	438	430	447	464	481
1991 COP Fire	178	203	201	196	198	196
1997 COP City Services Center	409	358	358	357	357	360
1998 COP Library, Police Building, Fire	1,710	1,653	1,655	1,645	1,645	1,646
1997 COP Police Building	584	572	572	574	575	570
1998 COP Police Building	1,330	1,325	1,323	1,324	1,320	1,319
2001 COP Liberty/Capitol, Fire Land, City Hall	348	494	1,502	1,518	1,526	1,542
2002 COP (B) Liberty/Capitol, Fire Trucks	73	201	551	558	564	571
<b>Future Bond Issues:</b>						
Corporation Yard	-	-	-	2,100	2,100	2,100
Northgate Community/Senior Center	-	-	-	648	648	648
Fire Station #11 (Net of Catellus Contribution)	-	155	155	155	155	155
Fire Station Remodel - Phase 2	-	179	179	179	179	179
<b>Sub-total - Debt Service &amp; Future Bond Issues</b>	<b>\$ 5,042</b>	<b>\$ 5,578</b>	<b>\$ 6,926</b>	<b>\$ 9,701</b>	<b>\$ 9,731</b>	<b>\$ 9,767</b>
<b>Cost Center Allocations:</b>						
DES Cost Center	2,811	2,920	2,978	3,097	3,221	3,350
Recreation Cost Center	3,083	3,319	3,356	3,465	3,576	3,940
Senior Center Cost Center	259	327	334	347	361	375
<b>Sub-total - Cost Center Allocations</b>	<b>\$ 6,153</b>	<b>\$ 6,566</b>	<b>\$ 6,668</b>	<b>\$ 6,909</b>	<b>\$ 7,158</b>	<b>\$ 7,665</b>
<b>Other Transfers from the GF:</b>						
SACNET transfer from General Fund	50	50	50	50	50	50
<b>Sub-total - Other transfers</b>	<b>\$ 50</b>	<b>\$ 50</b>	<b>\$ 50</b>	<b>\$ 50</b>	<b>\$ 50</b>	<b>\$ 50</b>
<b>Transfers from the GF to Reserves:</b>						
Transfer to Contingency Reserve	1,997	337	825	1,262	793	903
Transfer to Program Investment Reserve	399	68	165	252	159	180
Transfer to Budget Uncertainty Reserve	6,200	-	-	-	-	-
<b>Total Reserves</b>	<b>\$ 8,596</b>	<b>\$ 405</b>	<b>\$ 990</b>	<b>\$ 1,514</b>	<b>\$ 952</b>	<b>\$ 1,083</b>
<b>Total Operating Transfers Out and Transfers to Reserves</b>	<b>\$ 46,269</b>	<b>\$ 37,707</b>	<b>\$ 40,956</b>	<b>\$ 45,320</b>	<b>\$ 45,961</b>	<b>\$ 47,595</b>

**General Fund Historical Budget, FY 1997/98 through FY 2000/01  
(FY 2001/02 projected and FY 2002/03 proposed)**

(Thousands of Dollars)	FY 97/98 Actual	FY 98/99 Actual	FY 99/00 Actual	FY 00/01 Actual	FY 01/02 Est. Actual	FY 02/03 Budget Proposed
<b>Revenues:</b>						
Property Tax	23,016	25,144	27,934	30,473	33,795	36,697
Sales & Use Tax	28,095	26,791	28,200	33,159	32,170	33,038
Franchises	5,558	5,990	6,285	6,540	7,254	6,996
Business Tax	6,833	7,008	5,494	6,918	8,213	8,571
Interest Income	1,546	1,376	1,572	3,598	2,929	2,973
Transient Occupancy tax	1,584	1,677	3,341	4,340	1,912	2,522
Vehicle License Fee	8,126	8,880	9,906	10,917	11,798	12,811
Paramedics	840	971	1,126	1,392	1,121	1,467
Intergovernmental Revenues	687	841	1,104	1,516	1,033	1,020
Charges for Services	5,855	5,563	6,178	2,753	1,906	1,830
Fines	507	1,011	1,198	1,752	1,919	1,968
Other Revenues	953	748	662	5,513	952	710
<b>Total Revenues</b>	<b>83,600</b>	<b>86,000</b>	<b>93,000</b>	<b>108,871</b>	<b>105,002</b>	<b>110,603</b>
Total Operating Transfers In	6,900	6,700	6,900	6,117	6,989	7,488
<b>Resources Available: Revenues plus Operating Transfers</b>	<b>90,500</b>	<b>92,700</b>	<b>99,900</b>	<b>114,988</b>	<b>111,991</b>	<b>118,091</b>
<b>Expenditures:</b>						
General government	9,000	9,000	10,000	9,705	10,884	12,337
Police	28,200	29,700	30,800	33,301	37,726	40,137
Fire	19,600	21,700	21,400	20,208	24,089	23,943
Community Preservation (DES)	400	400	500	545	577	738
Human Services	2,000	1,900	2,400	2,381	2,589	2,884
Neighborhoods		100	100	238	345	356
Other Non-Departmental	700	800	1,300	2,061	1,131	2,684
TRANS (debt) costs	500	600	300	450	317	400
<b>Total Expenditures</b>	<b>60,400</b>	<b>64,200</b>	<b>66,800</b>	<b>68,889</b>	<b>77,658</b>	<b>83,479</b>
Total Operating Transfers Out	30,100	26,300	31,475	32,004	37,673	37,302
<b>Resources Used: (Expenditures plus Operating Transfers)</b>	<b>90,500</b>	<b>90,500</b>	<b>98,275</b>	<b>100,893</b>	<b>115,331</b>	<b>120,781</b>
<b>Net Results of Operations: (Resources Available less Resources Used)</b>	<b>-</b>	<b>2,200</b>	<b>1,625</b>	<b>14,095</b>	<b>(3,340)</b>	<b>(2,690)</b>
Transfer to Reserves	1,100	1,100	725		8,596	405
Change in Encumbrance Reserve		(300)	(144)	(1,723)		
<b>Beginning Fund Balance: (Ending Fund Balance from the Prior Year)</b>	<b>10,200</b>	<b>9,100</b>	<b>9,900</b>	<b>10,656</b>	<b>27,828</b>	<b>15,892</b>
<b>Ending Fund Balance</b>	<b>9,100</b>	<b>9,900</b>	<b>10,656</b>	<b>23,028</b>	<b>15,892</b>	<b>12,797</b>

# **Cost Centers/ Internal Service Funds**

The City uses cost centers to account for City activities that are fee based. These funds receive revenues from outside users as well as internal City projects. The cost centers are cost-covering and often have carryover fund balances.

The City uses internal service funds to account for services that are provided primarily to departments within the City organization.

## **Development Services Cost Center Funds**

Three operations comprise the Development Services Cost Center Fund: Planning, Building and Safety, and Engineering. These operations were separated from other General Fund operations so that expenditures can be more closely tracked against revenues. Development Services Funds receive revenues from three primary sources:

- Development Permits and Charges for Services
- Capital Projects and Special Revenues
- General Fund

## **Recreation Cost Center Fund**

This fund accounts for the revenues and expenses associated with the various classes, programs, and activities administered by the Recreation Services Division of the Maintenance and Recreation Services Department. The General Fund of the City makes a contribution to this fund, which is shown on the “Transfers In” line of the chart on the following page.

## **Senior Center Cost Center Fund**

This fund accounts for revenues and expenditures for programs administered by the Senior Center.

## **Risk Management Internal Service Fund**

This fund accounts for the City’s uninsured risks of loss from vehicle and property damage, earthquakes and floods, workers’ compensation, general liability, and employment claims. Administrative costs, including coverage through our membership in the California Joint Powers Authority, are also accounted for in this fund. Resources for this fund are provided by charges to the departments and cost centers.

## **Information Systems Internal Service Fund**

This fund accounts for the City’s information system support and technology activity. Resources for this fund are generated by charges to the departments and cost centers that receive these services.

<b>Cost Centers/Internal Service</b>							
	Development	Recreation		<b>Internal Service</b>		Internal	
	Cost	Cost	Senior	Risk	Information	Service	<b>Total</b>
<b>(Thousands of Dollars)</b>	Center	Center	Center	Management	Systems	Reclass*	<b>Cost Centers/ Internal Service</b>
<b>Fund Balance - 6/30/02 (est.)</b>	\$3,750	\$5,161	\$281	\$2,465	\$634	\$0	\$12,291
<b>Revenues</b>							
Property Tax							
Sales & Use Tax							
Franchises							
Business Tax							
Interest Income	299	302		200	5		806
Transient Occupancy tax							
Motor Vehicle In Lieu							
Paramedics							
Intergovernmental Revenues							
Charges for Services	11,379	3,143	196	4,798	4,408	(9,206)	14,718
Fines							
Other Revenues		432	27	60			519
<b>Total Revenues</b>	11,678	3,877	223	5,058	4,413	(9,206)	16,043
Operating Transfers In	2,925	3,319	327				6,571
<b>Total Available Resources</b>	18,353	12,357	831	7,523	5,047	(9,206)	34,905
<b>Expenditures</b>							
General Government							
Public Safety:							
Police							
Fire							
Development & Environmental Services:							
Planning	2,759						2,759
Building & Safety	4,158						4,158
Engineering	6,855						6,855
Community Preservation							
Environmental Services							
Human Services			604				604
Maintenance and Recreation:							
Maintenance							
Recreation		6,318					6,318
Neighborhoods							
Non-departmental				5,299	4,823	(9,206)	916
Debt costs							
<b>Total Expenditures</b>	13,772	6,318	604	5,299	4,823	(9,206)	21,610
Operating Transfers Out	1,703	786	8				2,497
<b>Total Use of Resources</b>	15,475	7,104	612	5,299	4,823	(9,206)	24,107
<b>Fund Balance - 6/30/03 (est.)</b>	\$2,878	\$5,253	\$219	\$2,224	\$224	\$0	\$10,798

\* NOTE: The "Charges for Services" and "Non Departmental Expenditures" in the Risk Management and Information Systems Funds have been reclassified and are not part of the Proprietary Funds total because these amounts are included in other departments' budgets.

# **Special Revenue Funds**

Special revenue funds account for activities funded by special purpose revenues. Many of these funds have grant-based revenues, which may only be spent under specific guidelines. Most of the federal, State and County grants the City administers are included in this group.

## **Human Services**

### **Grants**

The Human Services Department receives grants from a number of different sources:

- Alameda County and Union City: grants to provide services to elders in Fremont and the Tri-City area.
- Alameda County: Youth Counseling Program funds for Youth and Family Counseling (allocated by the State Council for Criminal Justice Planning).
- Alameda County: Department of Behavioral Health funds to support a multi-disciplinary team approach to family support at the Fremont Family Resource Center.
- Proposition 10 (tobacco taxes): monies allocated by the County to support early childhood programs in Youth and Family Services .
- Tri-Cities Elders Coalition: funding raised for senior programs.
- State Department on Aging: funds for the Multipurpose Senior Services Program (funded by the State using State and federal dollars) to provide services aimed at allowing frail elders to remain in their homes.

### **Paratransit Program**

This fund accounts for the monies used to fund the City's paratransit program. Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related activities such as the paratransit program.

### **Family Resource Center Fund**

- This fund accounts for the revenues and expenses associated with the Fremont Family Resource Center (FRC). Rental payments by the various tenants of the FRC fund the salaries and benefits of the FRC administrator, and operating and capital expenditures at that facility. This fund also includes grants from private foundations to support programs at the FRC.

### **CDBG / HOME**

- Community Development Block Grant - This fund accounts for the City's allocation of federal Community Development Block Grant (CDBG) funds received from the U. S. Department of Housing and Urban Development for the purpose of developing viable urban communities. Through the CDBG Program, the City receives an annual entitlement grant to address certain housing and community development needs. Federal regulations require that at least 70% of the City's CDBG grant must directly benefit low and moderate income households, with each community tailoring its program to address specific local needs.
- HOME Grant – This fund accounts for monies received under the HOME Investment Partnership Act. HOME funds can be used to acquire, rehabilitate, finance and construct affordable housing.
- Multi-Family Housing Bonds - This fund accounts for tax-exempt multi-family housing bonds monitoring fees paid to the City.

**Police**

- Southern Alameda County Narcotics Enforcement Team (SACNET) - This fund accounts for the proceeds of assets forfeited as the result of drug activities and contributions from the cities of Fremont, Newark and Union City. The City of Fremont's contribution comes from the General Fund and is displayed as a "Transfer In."
- AB3229 - COPS Front Line Enforcement - These funds account for monies distributed by the County to be spent on front line law enforcement activities, including anti-gang and community crime prevention programs.
- Local Law Enforcement Block Grant - This fund accounts for monies received from the federal government and expended for criminal justice, crime or substance abuse prevention and treatment programs.
- Abandoned Vehicle Abatement - This fund accounts for monies received by the City under California Vehicle Code (CVC) Sections 9250.7 and 22710 and used for the abatement, removal and disposal as public nuisances of any abandoned, wrecked, dismantled or inoperative vehicles from private or public property.
- State Office of Traffic Safety Grant - This fund accounts for monies received from the State to provide funding for aggressive traffic enforcement and public relations for a county-wide campaign against drinking drivers.

**Environmental Services**

- Integrated Waste Management - This fund accounts for monies received by the City from solid waste collection rates and used to comply with the provisions of AB 939 for the purpose of addressing recycling, household hazardous waste and solid waste management issues. The current fund balance serves three purposes: (1) to support rate stabilization, (2) to implement interim garbage disposal measures in the event that the landfill closes before a new transfer station is operational, and (3) to cover costs associated with landfill closure.
- Urban Runoff Clean Water Program - This fund accounts for monies received to comply with the Federal Clean Water Act of 1987, which requires that storm water discharges from municipal storm drain systems be regulated under a nationwide surface water permit program. In order to obtain a permit, the City must implement programs to evaluate sources of pollutants in urban storm drain runoff, estimate pollutant loads, evaluate control measures, and implement a program of pollution controls.



Special Revenue Funds								
	Human Services					Environmental		Total
(Thousands of Dollars)	Grants	Paratransit	FRC	CDBG/ HOME	Multi - Family	Police Funds	Services Funds	Special Revenues
<b>Fund Balance - 6/30/02 (est.)</b>	\$133	\$4	\$2,409	\$1,896	\$1,074	\$1,062	\$13,052	\$19,630
<b>Revenues</b>								
Property Tax								
Sales & Use Tax								
Franchises								
Business Tax								
Interest Income			175					175
Hotel/motel Tax								
Vehicle License Fee								
Paramedics								
Intergovernmental Revenues	1,291	712		2,162		1,233		5,398
Charges for Services		144	60				36	240
Fines								
Other Revenues	20		700	201	200		2,852	3,973
<b>Total Revenues</b>	1,311	856	935	2,363	200	1,233	2,888	9,786
Operating Transfers In			243			50		293
<b>Total Available Resources</b>	1,444	860	3,587	4,259	1,274	2,345	15,940	29,709
<b>Expenditures</b>								
General Government								
Public Safety:								
Police						1,496		1,496
Fire								
Development & Environmental Services:								
Planning								
Building & Safety								
Engineering								
Community Preservation								
Environmental Services							3,045	3,045
Human Services	1,248	710	251	2,114				4,323
Maintenance and Recreation:								
Maintenance								
Recreation								
Neighborhoods				200	229			429
Non-departmental				150				150
Debt costs			519					519
<b>Total Expenditures</b>	1,248	710	770	2,464	229	1,496	3,045	9,962
Operating Transfers Out	34	16	482					532
<b>Total Use of Resources</b>	1,282	726	1,252	2,464	229	1,496	3,045	10,494
<b>Fund Balance - 6/30/03 (est.)</b>	\$162	\$134	\$2,335	\$1,795	\$1,045	\$849	\$12,895	\$19,215

|

# Redevelopment Agency Funds

Redevelopment funds are used by the Fremont Redevelopment Agency for redevelopment and revitalization of the Centerville, Industrial, Irvington, and Niles Project Areas. Redevelopment funds come from property tax growth within the project areas, proceeds from redevelopment activities, and proceeds from issuance of debt. Funds are grouped by the following activities:

## ***Redevelopment General***

This fund is used for expenditures for administration and non-capital programs that are identified in the Project Area Plans and the Five-Year Implementation Plan.

## ***Redevelopment Debt Service***

This fund receives property tax increment revenues and accumulates monies necessary to service debt incurred for redevelopment projects. Funds not needed for debt service are transferred to the General and Capital Funds.

## ***Redevelopment Capital***

This fund is used for expenditures for capital projects. A significant portion of the capital funds are directed to construction of two major overcrossings of the I-880 freeway adjacent to the Industrial Project Area.

## ***Redevelopment Bond Proceeds***

This fund is used to reimburse qualifying capital project expenditures from the proceeds of bond sales.

## ***Affordable Housing***

In accordance with redevelopment law, this fund receives 20% of the property tax increment and is dedicated to increasing the availability of affordable housing for individuals and families with very low to moderate incomes.

## ***Appropriations and Projects***

Through the adoption of the Redevelopment Agency's operating budget, the Agency Board authorizes the annual operating expenditures plus the annual revenues, expenditures, and transfers at a fund level for all Redevelopment Agency fund groups. For most individual projects and programs, the Agency authorizes expenditures through "project-length" appropriations. The Agency Board may approve the appropriations for specific projects and programs through agenda items separate from the annual budget, or concurrently with the annual budget.

A number of appropriations for projects and programs are being authorized concurrently with the adoption of the Agency's annual budget. Those projects and programs with descriptions are displayed in the attachments to the Redevelopment Agency resolution adopting the annual budget.

A brief description of a few major Redevelopment Agency projects follows. Some of the appropriations for the following projects were authorized prior to this annual budget.

***Washington Township Veterans' Memorial Building*** – This is a grant to Alameda County to provide seismic, electrical, mechanical, and historical

rehabilitation of the 1930's County-owned veterans' building in Fremont in order to return the building to public use.

*Cost:* The total grant to the County is \$3.25 million

*Source of funds:* Redevelopment Agency

***I-880/Dixon Landing Road Interchange*** – This project involves major improvements to the I-880/Dixon Landing Road interchange, which will greatly increase traffic capacity. Completion of these improvements will enable the interchange to handle increased capacity to support development of the Industrial Redevelopment Project Area and surrounding area in a manner consistent with the General Plan.

*Cost:* The estimated cost of the project is \$66.5 million.

*Source of funds:* \$20.7 million is funded by the Redevelopment Agency. The City of Milpitas and the State Transportation Improvement Program (STIP) contribute the balance.

***I-880/Mission Boulevard/Rte 262/Warren Avenue Interchange*** – This project involves major improvements to the I-880/Mission Boulevard/Route 262/Warren Avenue interchange in conjunction with the widening of I-880. These improvements will greatly expand traffic capacity and enable improved access to support development of the Industrial Redevelopment Project Area.

*Cost:* This is a \$160 million project with over \$48 million currently forecasted to be paid by the City of Fremont and Fremont Redevelopment Agency.

*Source of funds:* City of Fremont traffic impact fees and Redevelopment Agency

***Centerville Grocery Store*** – This project provides for the acquisition and development of a six-acre parcel in the Centerville area of Fremont. The future development will include a grocery store and other retail uses. Currently the Agency is completing land acquisition, tenant relocation and developer negotiations.

*Cost:* \$9.1 million has been appropriated for this project. Additional appropriations will be necessary as the project proceeds. A portion of the project expenditures will be offset from the sale of land to a developer.

*Source of funds:* Redevelopment Agency

***Niles Central Area Design and Development*** – This project provides for the design and development of City and Agency land (formerly owned by Union Pacific Railroad) in the Niles area of Fremont to create a town center as described in the Niles Concept Plan. The project may include a public plaza, parking, mixed-use development and non-commuter passenger rail amenities. Currently a master plan is being developed for this and adjacent properties.

*Cost:* This project appropriation is \$135,000 and an additional appropriation of \$1.365 million is proposed for FY02/03.

*Source of funds:* Redevelopment Agency

***Commercial Rehabilitation Loan Program*** – This program provides loans to owners of commercial buildings in the Centerville, Irvington, and Niles Redevelopment Project Areas to improve the outward appearance of buildings and bring structures into compliance with building codes.

*Cost:* This program is forecasted to receive appropriations over the next five years of \$3.2 million.

*Source of funds:* Redevelopment Agency

***Housing – Increasing Supply (New Construction)*** – This program invests in the new development of affordable housing through land banking, pre-development loans, and construction lending. The Agency's existing loan to the non-profit housing developer Eden Housing for construction of 17 affordable homes on Adams Avenue in the Irvington district of Fremont is an example of the type of project that may be undertaken with this funding.

*Cost:* This program is forecasted to receive appropriations over the next five years of \$10 million.

*Source of funds:* Redevelopment Agency housing funds.

***Bridgeway Transitional Housing*** – The Tri-City Homeless Coalition (TCHC) owns an eight-unit apartment building that provides transitional housing in the Irvington area of Fremont. The Agency has approved a \$2.75 million loan to enable TCHC to purchase land and construct eighteen additional rental housing units.

*Cost:* The loan is \$2.75 million.

*Source of funds:* Redevelopment Agency housing funds

**Redevelopment Funds (RDA)**

(Thousands of Dollars)	General	Debt Service	Capital	Bond Proceeds	Affordable Housing	Total Redevelopment
<b>Fund Balance - 6/30/02 (est.)</b>	\$3,533	\$32,113	\$14,576	\$27,962	\$12,350	\$90,534
<b>Revenues</b>						
Property Tax		21,044			5,200	26,244
Sales & Use Tax						
Franchises						
Business Tax						
Interest Income	100	700	300	1,072	200	2,372
Transient Occupancy tax						
Motor Vehicle In Lieu						
Paramedics						
Intergovernmental Revenues						
Charges for Services						
Fines						
Other Revenues						
<b>Total Revenues</b>	100	21,744	300	1,072	5,400	28,616
Operating Transfers In	13,000		10,000			23,000
<b>Total Available Resources</b>	16,633	53,857	24,876	29,034	17,750	142,150
<b>Expenditures</b>						
General Government						
Public Safety:						
Police						
Fire						
Development and Environmental Services:						
Planning						
Building & Safety						
Engineering						
Community Preservation						
Environmental Services						
Human Services						
Maintenance and Recreation:						
Maintenance						
Recreation						
Neighborhoods	14,061		21,000	15,000	8,340	58,401
Non-departmental						
Debt costs		4,943				4,943
<b>Total Expenditures</b>	14,061	4,943	21,000	15,000	8,340	63,344
Operating Transfers Out		23,000				23,000
<b>Total Use of Resources</b>	14,061	27,943	21,000	15,000	8,340	86,344
<b>Fund Balance - 6/30/03 (est.)</b>	\$2,572	\$25,914	\$3,876	\$14,034	\$9,410	\$55,806

The projected change in Fund Balance in FY 2002/03 represents the use of bond proceeds for redevelopment projects and programs, including significant expenditures for the I-880/Route 262/Mission Boulevard interchange. The remaining fund balance is programmed over the balance of the RDA's five-year plan.

# Capital Funds

The Capital Improvement Program/Integrated Capital Assets Plan (CIP/ICAP) was adopted by the City Council on June 12, 2001, and includes appropriations for projects for FYs 2001/02 through 2003/04. These funds are included with the operating budget in summary so as to present a comprehensive picture of all the funds of the City, and to reflect fund transfers approved between other operating funds and capital funds. A complete guide to the capital projects may be found in the City's CIP/ICAP.

## **General Projects - Fund 501**

The General Projects fund of the City is unrestricted and can be used for any project designated by the City Council. This fund also accounts for funds expended on the City's Maintenance activities. The debt repayment on assets acquired with certificates of participation (COPs) is also shown as a cost in this fund.

## **Gas Tax Funds**

Revenue in this fund comes from State gas tax and other sources, like Measure B sales tax distribution, and is used for street maintenance and other traffic improvement projects.

## **Park Funds**

Funds in this group are restricted to acquisition, development, and/or rehabilitation of park land. The Parks and Recreation Chapter of the General Plan contains the City's policies, standards and guidelines for acquisition and development activities eligible for funding with park funds. The City Council has also adopted a Park Development Program. The FY 2001-06 Capital Improvement Program projects the use of the accumulated fund balance over the next few years. A large increase in appropriations is planned for FY 2003/04.

## **Traffic Impact Funds**

Traffic impact fees are collected from development projects for streets, overcrossings, and other infrastructure improvements necessary to meet the needs of new development. These funds are used for grade separations, traffic signal improvements, and other street improvements.

## **Restricted Capital Funds**

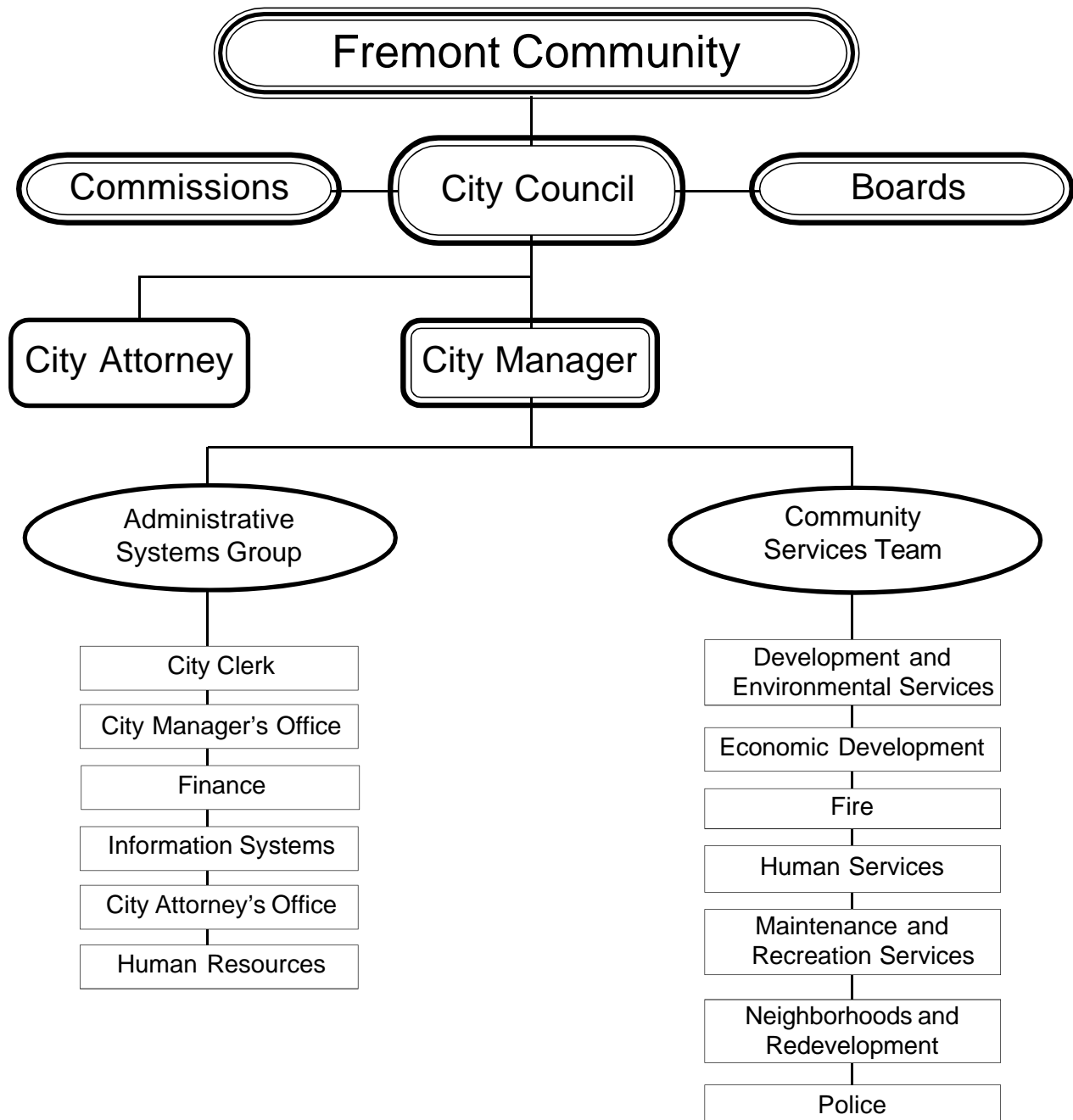
These funds are included by reference only; the amounts noted show the funds received from various grants that could be used for a specific capital project. All other projects in this group are either partially or fully funded by other funding sources not available for use other than as specified. Refer to the "restricted funds group" detail in the CIP/ICAP.



<b>Capital Improvement Funds</b>								
	Gen Fund Group	Vehicle	Gas	Park	Traffic	Restricted	Expenditure	
(Thousands of Dollars)	(including ICAP)	Replacement	Tax	Benefit	Impact	Group	Reclass*	Total Projects
<b>Fund Balance - 6/30/02 (est.)</b>	\$1,785	\$1,355	\$1,801	\$26,157	\$2,597	\$0	n.a	\$33,695
<b>Revenues</b>								
Property Tax								
Sales & Use Tax								
Franchises								
Business Tax								
Interest Income	350							350
Hotel/motel Tax								
Vehicle License Fee								
Paramedics								
Intergovernmental Revenues			7,906	2,803	2,503	3,562		16,774
Charges for Services	300	1,440					(1,440)	300
Fines								
Other Revenues								
<b>Total Revenues</b>	650	1,440	7,906	2,803	2,503	3,562	(1,440)	17,424
Operating Transfers In	32,484							32,484
<b>Total Available Resources</b>	34,919	2,795	9,707	28,960	5,100	3,562	(1,440)	83,603
<b>Expenditures</b>								
General Government								
Public Safety:								
Police								
Fire								
Development & Environmental Services:								
Planning								
Building & Safety								
Engineering			856					856
Community Preservation								
Environmental Services								
Human Services								
Maintenance and Recreation:								
Maintenance	22,981							22,981
Recreation								
Neighborhoods								
Non-departmental	5,945	868	8,125	8,828	3,000	3,562	(5,199)	25,129
Debt costs	5,578							5,578
<b>Total Expenditures</b>	34,504	868	8,981	8,828	3,000	3,562	(5,199)	54,544
Operating Transfers Out								
<b>Total Use of Resources</b>	34,504	868	8,981	8,828	3,000	3,562	(5,199)	54,544
<b>Fund Balance - 6/30/03 (est.)</b>	\$415	\$1,927	\$726	\$20,132	\$2,100	\$0	n.a	\$29,059

\*NOTE: A portion of Capital Improvement Funds' expenditures are being reclassified because costs for design, engineering, and other staff charges to capital projects are budgeted as part of the costs of projects and also included in departments' budgets. Total fund balance does not include available fund balances in restricted fund groups which are contained in the CIP/ICAP.

City of Fremont Organization Chart  
Fiscal Year 2002/03





# City of Fremont

## Profile

### History

Fremont's rich heritage can be traced to the Ohlones, natives of the land, and to the Spanish priests who established Mission San Jose, the first Spanish mission located inland. Since those early days, Fremont's rich soil, central location and excellent climate have continued to attract newcomers to this area. In the mid-1840s, John C. Frémont mapped a trail through Mission Pass to provide access for American settlers into the southeastern San Francisco Bay Area. During the Gold Rush era, the Mission area attracted miners headed for the California gold fields. Governor Leland Stanford acquired land in the Warm Springs area, where he planted vineyards and built one of the first wineries in the state. The Niles district made history when the last tracks needed to connect the transcontinental railroad were laid there. Further acclaim came to Niles when Charlie Chaplin filmed "The Tramp" at the Essanay Movie Studio there. In 1853, Washington Township was established and included the communities of Mission San Jose, Centerville, Niles, Irvington, and Warm Springs. On January 23, 1956, these communities joined to form the City of Fremont.

### Quality of Life

Fremont, located in southern Alameda County, stretches from the San Francisco Bay to the top of Mission Peak above historic Mission San Jose in the east. With a population of over 208,000, Fremont is the fourth largest city in the San Francisco Bay Area and ranks 94th among the most populous cities in the nation according to the California State Department of Finance. Fremont is approximately 92 square miles in size and includes the 450-acre Central Park and 80-acre Lake Elizabeth, along with 51 other parks, five community centers and extensive sports facilities. Fremont is also home to the Don Edwards San Francisco Bay National Wildlife Refuge, adjacent to Coyote Hills Regional Park.

Fremont enjoys a high rate of home ownership, a low crime rate and a quality of life that is considered to be one of the best in the United States. For example, Fremont was recently rated as the best place in which to raise healthy children in the nation. Fremont residents can expect a first-rate menu of local services, including a highly rated public education system, excellent public safety program, and recreation, park and other leisure activities. In addition to beautiful parks and extensive recreational facilities, Fremont is easily accessible to three international airports, several major educational institutions, the Bay Area Rapid Transit System and professional sports and cultural opportunities. Fremont is also home to Washington Hospital, a community asset for over 50 years.

**Government***Incorporated January 23, 1956**Fremont is a General Law Council/Manager City governed by a five-member City Council with a directly elected Mayor, all elected at large.**Number of directly elected Mayors (since 1978): 4**Number of City Managers since Incorporation: 6**Full-time Employees  
FY 2002/03<sup>1</sup>*

Develop. & Env. Services.....	147.70
Fire.....	176.00
General Government.....	115.35
Human Services.....	44.95
Maintenance.....	153.00
Police.....	337.75
Recreation.....	40.25
<u>Neighborhoods.....</u>	<u>17.35</u>
Total.....	1032.35

**Demographics***Land Area: 92 square miles**Population*

1956.....	22,443
1960.....	43,634
1970.....	102,321
1980.....	127,454
1990.....	173,116
2000.....	203,413
2002 <sup>2</sup> .....	208,000

*Climate<sup>3</sup>**Average Temperature: 59°F (15°C)**Avg. Annual Precipitation: 13.6"**Level of Educational Attainment<sup>4</sup>*

College Degree.....	39%
Some College, no Degree.....	25%
High School Graduate.....	23%
Grades 9-12 (No Diploma).....	9%
Less than 9 <sup>th</sup> Grade.....	4%

*Median Age<sup>4</sup>: 35**Mean Household Income<sup>4</sup>,  
2000 (projected): \$103,100**Racial Composition, 2000<sup>5</sup>*

Asian.....	37%
African-American.....	3%
White.....	48%
Other.....	6%
Two or more.....	6%

(Hispanic/Latino may be of any race)

**Business***Major Employers, listed in order of  
number of employees<sup>6</sup>*

New United Motor Mfg. (NUMMI)  
Lam Research Corporation  
Avant! Corporation  
Synnex Info Tech Inc.  
Credence Systems Corporation  
Seagate Magnetics  
Read-Rite Corporation  
Sysco Food Services  
L S I Logic Corp  
Extron Logistics LLC  
Volex Inc.  
Compaq Computers  
Mattson Technology Inc.  
Net.com  
Flextronics International  
Chahaya Optronics Inc.  
Galgon Industry Inc.  
Milestone Technologies  
Avanex Corporation  
ESS Technology

*Distribution of jobs by major  
employment sectors, 2000<sup>4</sup>*

Agriculture.....	0.6%
Manufacturing/Wholesale.....	32.5%
Retail.....	14.9%
Service.....	31.6%
Other.....	20.3%

**Community Services***Family Resource Center: 1**Parks: 51**Senior Center: 1**Community Centers: 5**Fire Stations: 11*

### Services by Other Governmental Units

*Education:* Fremont Unified School District and Fremont-Newark Community College District

*Flood:* Alameda County Flood Control and Water Conservation District

*Parks:* East Bay Regional Park District

*Public Transportation:* Bay Area Rapid Transit District and Alameda-Contra Costa Transit District

*Sewer:* Union Sanitary District

*Gas and Electricity:* Pacific Gas and Electric

*Water:* Alameda County Water District

### Education<sup>3</sup>

*Fremont Unified School District (FUSD) has 30 elementary schools, 5 junior high schools, 5 high schools and a continuation school.*

*Average SAT Score, FUSD: 1108*

*Percentage of FUSD students attending:*

*University of California: 13.7%, California State University: 25%*

*Ohlone College<sup>7</sup> is a public, two-year, open-admission community college with an average enrollment of 10,500 students per semester.*

### Notes

<sup>1</sup> 2002/03 Proposed Operating Budget, City of Fremont

<sup>2</sup> California State Department of Finance

<sup>3</sup> Community Economic Profile and Resource Guide, 2000/2002

<sup>4</sup> Association of Bay Area Governments (ABAG)

<sup>5</sup> U.S. Census 2000

<sup>6</sup> City of Fremont, Economic Development Department

<sup>7</sup> Ohlone College, Admissions Department



# All City Funds Schedule

The “Summary of All Funds” schedule on the following page groups the City’s funds into five categories:

- General
- Cost Centers/Internal Service
- Special Revenue
- Redevelopment
- Capital

The first three groups are the operating funds of the City, and the last two are special classes of funds. The majority of funding for City operations and most of the City’s services is derived from the first three groups.

The budget for the Fremont Redevelopment Agency is adopted separately by the City Council when it sits as the governing board of the Redevelopment Agency. The budget for capital funds is reviewed and adopted by the City Council as part of the Capital Improvement Program/Integrated Capital Assets Plan (CIP/ICAP). Included with the City Council’s adoption of the CIP/ICAP are the FY 2002/03 appropriations for the Maintenance Division of the Maintenance and Recreation Services Department.

The “Summary of All Funds” schedule consolidates all funds Citywide and presents the total available resources and total use of resources, including beginning fund balances, revenues, expenditures, “operating transfers in” and “operating transfers out.” This budget document is different from some other cities’ budgets and the City’s financial statements because governmental accounting treats many “interfund transactions” as revenues in one fund and expenditures in another fund. As a consequence, there is an overstatement of true revenues and expenditures that accrue to the City. This budget re-classes revenues and expenditures where double counting would otherwise occur. As a result, the “Total Expenditures” and “Total Revenues” lines for all funds present the true budgeted expenditures and revenues expected to be received and spent by the entire organization.

*Please refer to the General Fund section and the Other Funds section of this document for more information.*



*Centerville Train Depot*



<b>Summary of All Funds</b>						
	<b>Total</b>	<b>Cost Center/</b>	<b>Special</b>			<b>Total</b>
	<b>General</b>	<b>Internal Service</b>	<b>Revenue</b>	<b>RDA</b>	<b>Capital</b>	<b>All</b>
<b>(Thousands of Dollars)</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>
<b>Fund Balance - 6/30/02 (est.)</b>	\$39,805	\$12,291	\$19,630	\$90,534	\$33,695	\$195,955
<b>Revenues</b>						
Property Tax	36,697			26,244		62,941
Sales & Use Tax	33,038					33,038
Franchises	6,996					6,996
Business Tax	8,571					8,571
Interest Income	2,973	806	175	2,372	350	6,676
Transient Occupancy tax	2,522					2,522
Vehicle License Fee	12,811					12,811
Paramedics	1,467					1,467
Intergovernmental Revenues	1,020		5,398		16,774	23,192
Charges for Services	1,830	14,718	240		300	17,088
Fines	1,968					1,968
Other Revenues	710	519	3,973			5,202
<b>Total Revenues</b>	110,603	16,043	9,786	28,616	17,424	182,472
Operating Transfers In	7,840	6,571	293	23,000	32,484	70,188
<b>Total Available Resources</b>	158,248	34,905	29,709	142,150	83,603	448,615
<b>Expenditures</b>						
General Government	12,337					12,337
Public Safety:						
Police	40,137		1,496			41,633
Fire	23,943					23,943
Development & Environmental Services:						
Planning		2,759				2,759
Building & Safety		4,158				4,158
Engineering		6,855			856	7,711
Community Preservation	738					738
Environmental Services			3,045			3,045
Human Services	2,884	604	4,323			7,811
Maintenance and Recreation:						
Maintenance					22,981	22,981
Recreation		6,318				6,318
Neighborhoods	356		429	58,401		59,186
Non-departmental	2,684		150		25,129	27,963
Debt costs	400		519	4,943	5,578	11,440
<b>Total Expenditures</b>	83,479	21,610	9,962	63,344	54,544	232,939
Operating Transfers Out	37,302	2,497	532	23,000		63,331
Transfers to Reserves	405					405
<b>Total Use of Resources</b>	121,186	24,107	10,494	86,344	54,544	296,675
<b>Fund Balance - 6/30/03 (est.)</b>	\$37,062	\$10,798	\$19,215	\$55,806	\$29,059	\$151,940

# Major General Fund Changes

## Major General Fund Changes

A number of structural changes have been made to the budget for FY 2002/03. These changes will provide better information on the cost of services, improve clarity of budget information and comparison with future budgets, and improve alignment of the budget with the City's financial statements. For FY 2002/03, the changes display administrative overhead charges, such as Information Systems and vehicle replacement, in the budgets for the departments in which the costs are incurred.

To more easily compare FY 2001/02 and FY 2002/03 spending levels, adjustments to the FY 2001/02 adopted budget must be made. This section of the budget document describes these adjustments and compares the FY 2001/02 adjusted budget with the FY 2002/03 proposed budget. This section also outlines structural changes in the General Fund budget that do not affect total spending levels but will assist with the analysis of department budgets described in later sections of the budget document.

### FY 2001/02 Adjusted Budget

The following table outlines the adjustments to the FY 2001/02 budget that were made to effectively compare proposed FY 2002/03 spending levels with those of the prior year.

**Adopted and Adjusted FY 2001/02 Budgets and  
Proposed FY 2002/03 Budget  
(in \$ millions)**

	Adopted Budget FY 2001/02	Adjustments				Comparison			
		Encum- brances	Use of carry- forward savings	Vehicle cost allocation	Information Systems cost allocation	Total Adj.	Adj. Budget FY 2001/02	Proposed Budget FY 2002/03	Change
General Government	\$15.2	\$0.2			(\$2.4)	(\$2.1)	\$13.1	\$12.4	(\$0.7)
Police	35.8	0.1	0.8	0.5	1.5	2.9	38.7	40.1	1.4
Fire	22.7	0.7	0.9	0.1	0.7	2.3	25.0	23.9	(1.1)
Community Preservation	0.6	0.1				0.1	0.7	0.7	0.0
Human Services	2.3	0.0	0.1		0.2	0.3	2.6	2.9	0.3
Neighborhoods	0.3		0.1			0.1	0.4	0.4	(0.0)
Non-Departmental	1.8					0.0	1.8	2.7	0.9
Debt Costs	0.4					0.0	0.4	0.4	0.0
<b>Total Expenditures</b>	<b>79.1</b>	<b>1.1</b>	<b>1.9</b>	<b>0.6</b>	<b>0.0</b>	<b>3.6</b>	<b>82.7</b>	<b>83.5</b>	<b>0.8</b>
Maintenance	21.0					0.0	21.0	21.1	0.1
CIP/ICAP	6.3			(0.6)		(0.6)	5.7	4.0	(1.7)
Debt Service	5.3					0.0	5.3	5.6	0.3
Development Cost Center	2.9					0.0	2.9	2.9	0.0
Recreation Cost Center	3.2					0.0	3.2	3.3	0.1
Senior Center Cost Center	0.3					0.0	0.3	0.3	0.0
Other	0.0					0.0	0.0	0.1	0.1
<b>Total Operating Transfers Out</b>	<b>39.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.6)</b>	<b>0.0</b>	<b>(0.6)</b>	<b>38.4</b>	<b>37.3</b>	<b>(1.1)</b>
Transfer to Reserves	2.4					0.0	2.4	0.4	(2.0)
<b>Total Use of Resources</b>	<b>\$120.5</b>	<b>\$1.1</b>	<b>\$1.9</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$3.0</b>	<b>\$123.5</b>	<b>\$121.2</b>	<b>(\$2.3)</b>

As the table suggests, the adjustments illustrate how the FY 2002/03 proposed budget will be \$2.3 million less than the FY 2001/02 adjusted budget. The largest adjustments, those for encumbrances and use of carry-forward savings, cause the FY 2001/02 adjusted budget to be \$3.0 million higher than the FY 2001/02 adopted budget. The other adjustments in the table reflect the allocation of significant service

overhead costs among departments but have no effect on the total General Fund expenditure levels. Further descriptions of each of the adjustments follow.

- **FY 2000/01 encumbrances:** Each year, departments may obligate funds for expenses yet to occur, such as when a purchase order has been issued but the related goods or services have not yet been received. This is a budget management tool designed to ensure that available funds are not inadvertently overcommitted. The encumbrances are removed and the expenditures recorded when the obligations are paid. The FY 2001/02 adjusted budget contains \$1.1 million encumbered from the prior year. This amount is higher than the average annual amount encumbered, mainly because of a \$600,000 encumbrance as of June 30, 2001 for major equipment in the Fire Department. As we do not expect to have this same level of encumbrance in FY 2002/03, encumbrances are a factor in the projected decrease in total spending.
- **Use of FY 1999/00 carry-forward savings:** Pursuant to City Council Expenditure Control Budget policies and authority delegated to the City Manager, departmental adjusted budgets incorporate budget transfers based on requests to use funds carried forward from prior years. Of \$8.7 million in total accumulated carry-forward funds, \$1.9 million were added to department budgets. Of the remaining \$6.8 million of carry-forward funds, \$2.2 million will be set aside for future departmental use. The balance of accumulated savings and assigned revenues has been retained in the General Fund to provide resources for the City's five-year budget forecast. Major components of the carry-forward funds used in FY 2001/02 include \$1.0 million to defray public safety retirement costs and \$500,000 for Fire Department emergency breathing equipment.
- **Vehicle replacement cost allocation:** In the FY 2001/02 adopted budget, \$600,000 in vehicle replacement costs were budgeted as transfers out of the General Fund to the CIP/ICAP. For the FY 2001/02 adjusted budget and the FY 2002/03 proposed budget, these contributions to vehicle replacement are now displayed in the General Fund departments that use the vehicles. This allocation reduces transfers out and more accurately reflects the costs of service in departments that use vehicles.
- **Information Systems cost allocation:** In the FY 2001/02 adopted budget, the Information Systems budget was displayed as part of General Government. For the FY 2001/02 adjusted budget and the FY 2002/03 proposed budget, Information Systems is reclassified as an internal service fund. For FY 2001/02, this reclassification results in a reduction in the General Government category of \$2.4 million, which is being redistributed to other General Fund functions. Additionally, \$1.5 million that was previously a transfer in to the General Fund is now charged directly to the other City funds that receive Information Systems services.

Another factor contributing to reduced spending in FY 2002/03 is the way in which the City budgets for employee leave costs. The change will lower costs for both FY 2001/02 and FY 2002/03, but it does not appear in the table above because it did not cause an adjustment to the FY 2001/02 adopted budget. Previously, departments budgeted for all vacation and general leave that would be earned during the year. A new accounting interpretation by the Governmental Accounting Standards Board (GASB Interpretation No. 6) requires the City to expense only the value of leave expected to be paid out in the next year, thereby reducing the amount of leave-related costs for which the City needs to budget by more than \$1.0 million annually.

### **Other Structural Changes Affect Department Budgets**

In addition to the previously identified changes, two other changes to the structure of the budget affect comparisons between the FY 2001/02 adopted and FY 2002/03 proposed budgets at the departmental level, even though they do not affect total General Fund spending:

- **Workers' compensation insurance cost allocation:** For the FY 2001/02 adjusted budget and the FY 2002/03 proposed budget, workers' compensation insurance costs are shifted from the salaries and benefits line item to the indirect expense allocation line item, thereby reducing the amount required for salaries and benefits. This change does not affect the total department budget, but shifts the costs from one line item to another.
- **General liability insurance cost allocation:** For the FY 2001/02 adjusted budget and FY 2002/03 proposed budget, general liability insurance costs are shifted from the operating expenditures line item to the indirect expense allocation line item. This change does not affect the total department budget, but shifts the costs from one line item to another.

### **Change in Total General Fund Budget**

To summarize, the FY 2002/03 proposed budget is \$2.3 million less than the FY 2001/02 adjusted budget for three reasons.

1. **Department budgets are increasing by only \$800,000, or less than 1%, over the FY 2001/02 adjusted budget level.** Considering normal cost increases for employee salaries and benefits, a nominal increase is made possible by a savings component that effectively reduces department budgets, and savings from a required accounting change that affects the way the City budgets for employee leave.
2. **Operating transfers out of the General Fund are decreasing by \$1.1 million,** as the FY 2001/02 budget included a one-time increased contribution to the CIP/ICAP for street maintenance that will not be made in FY 2002/03.

3. **The amount required for transfer out of the General Fund to reserves is \$2.0 million less than the amount required for FY 2001/02.** According to City Council policy, the Contingency Reserve and the Program Investment Reserve are to be maintained at 12.5% and 2.5%, respectively, of General Fund expenditures and transfers out. Because the budgeted increase in FY 2002/03 General Fund expenditures and transfers out is much smaller than the budgeted increase in FY 2001/02, the corresponding contribution required to maintain reserves is much less.

# Citywide Position Changes

## Citywide Position Changes

### Mid-Year FY 2001/02 Position Changes Appearing in FY 2002/03 Budget

#### Grant-Funded Positions Added to the General Fund

Clinical Supervisor	1.00
Human Services Support Specialist	1.00
Human Services Case Manager	0.25
Human Services Counselor	0.25

#### Special Revenue Fund Positions Added

##### Development Services Cost Center

Associate Landscape Architect	1.00
Environmental Specialist II	0.50

##### Redevelopment Agency

Management Analyst I	0.40
Neighborhoods Support Specialist	1.00

##### Recreation Cost Center

Senior Recreation Leader	1.00
Tiny Tot Specialist	0.65

##### Maintenance Cost Center

Building Trades Worker II	4.00
Street Maintenance Worker I	2.00
Street Maintenance Worker II	1.00
Park Maintenance Worker I	1.00

##### Senior Center

Senior Center Manager	1.00
Human Services Support Specialist	0.50

##### Information Systems Cost Center

Network Administrator	1.00
Computer Specialist	1.00

#### Special Revenue Fund Positions Eliminated

Senior Civil Engineer	-1.00
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#### General Fund Positions Added

City Clerk Support Specialist*	1.00
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#### General Fund Positions Eliminated

Human Services Case Manager	-1.00
Fire Support Specialist	-0.20

\* Position created from two existing half-time, temporary positions



## City Debt

Cities have primarily three choices in financing their operations and funding public facilities: pay-as-you-go, debt financing, and public-private ventures. The City has adopted a Long-Term Capital Debt Policy that sets the guidelines for issuing debt and provides guidance in the timing and structuring of long-term debt commitments. The City will consider the issuance of long-term debt obligations only under the conditions outlined in the policy. The Long-Term Capital Debt Policy is located at the end of this budget document. Present and future planned and anticipated debt payments affecting the operating budget are detailed on the “transfers summary” located in the General Fund section of this budget.

The charts below summarize the City’s long-term debt and future debt obligations.

### Debt Outstanding Year-End 2000 and 2001

	<u>2000</u>	<u>2001</u>
<b>Redevelopment Agency</b>		
Tax Increment Bonds, Redevelopment Agency, Tax Allocation Bond Series 2000	\$ -	\$ 50,000,000
<b>City's Certificates of Participation</b>		
1990 Public Financing Authority	6,025,000	5,775,000
1991 Public Financing Authority	4,400,000	4,300,000
1997 Public Financing Authority	14,120,000	13,850,000
1998 Public Financing Authority	49,895,000	48,300,000
2001 Public Financing Authority	-	34,860,000
<b>Total Certificates of Participation</b>	<b>74,440,000</b>	<b>107,085,000</b>
<b>Total Tax Increment Bonds and Certificates of Participation</b>	<b>\$ 74,440,000</b>	<b>\$ 157,085,000</b>

### Annual Debt Service Requirements

	<u>City's Certificates of Participation</u>	<u>Redevelopment</u>
2002	\$ 5,449,130	\$ 4,746,656
2003	7,220,128	4,885,534
2004	7,854,616	4,882,662
2005	7,835,284	4,879,564
2006	7,835,166	4,875,228
Thereafter	140,106,282	43,679,368
<b>Total Principal &amp; Interest</b>	<b>176,300,606</b>	<b>67,949,012</b>
Less Interest	(69,215,606)	(17,949,012)
<b>Total Principal</b>	<b>\$ 107,085,000</b>	<b>\$ 50,000,000</b>



**Legal Debt Margin**

Under State law, the City has a legal debt limitation not to exceed 15% of the total assessed valuation of taxable property within the City boundaries. In accordance with California Government Code Section 43605, only the City's general obligation bonds are subject to the legal debt limit. With no outstanding debt subject to the legal debt limit and a legal debt limit of \$3,110,823,307, the City is not at risk of exceeding its legal debt limit.

**Computation of Legal Debt Margin as of June 30, 2001**

Assessed Valuation (Net) <sup>1</sup>	<u>\$ 20,738,822,048</u>
Debt Limit: 15% of assessed value	\$ 3,110,823,307
Less Outstanding Debt (Subject to Legal Debt Limit)	<u>-</u>
Legal Debt Margin	<u>\$ 3,110,823,307</u>

<sup>1</sup> Source: Alameda County-Controller's Office Certification as reported in *City of Fremont, California Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2001*.

**Compliance with Long-Term Capital Policy**

The City of Fremont's Long-Term Capital Debt Policy, adopted by the City Council on May 7, 1996, and revised and readopted with the CIP/ICAP on July 8, 1998, requires that General Fund supported debt service will not exceed 7% of total General Fund budgeted expenditures and transfers out. With FY 2002/03 General Fund supported debt service of \$5,578,000, and a debt level limit of \$8,454,670 the City has not exceeded its debt service limit.

**Computation of Compliance with Debt Service Limit**

Total General Fund Budgeted Expenditures and Transfers Out	<u>\$ 120,781,000</u>
Policy Debt Level Limit, 7% of Total Budgeted Expenditures and Transfers Out	\$ 8,454,670
Less General Fund Supported Debt Service	<u>5,578,000</u>
Policy Debt Margin	<u>\$ 2,876,670</u>

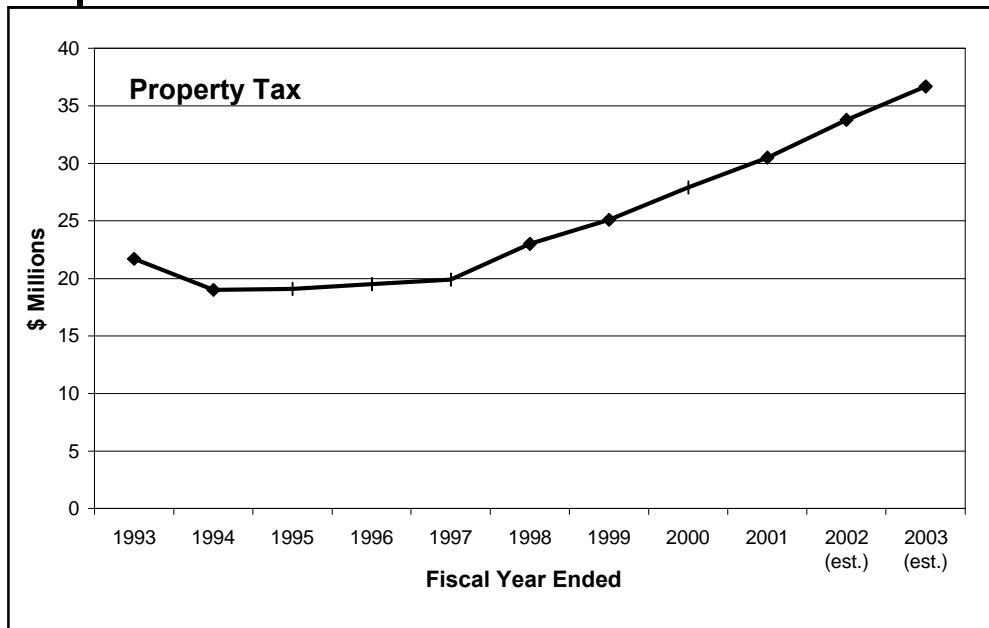
# City Revenues

This section describes the major revenues received by the City of Fremont. It also provides historical information. Assumptions for revenues included in this budget are described in the five-year forecast section of this document.

Total General Fund revenues (excluding transfers in) for FY 2002/03 are forecasted at \$110.6 million, which represents a \$5.6 million (5.3%) increase from estimated actual revenues for FY 2001/02. This revenue level is approximately equal to the amount of revenue received in FY 2000/01. The setback in revenue growth is largely due to the effects of the economic downturn that is projected to result in a revenue shortfall in FY 2001/02. Typically, the City's revenue estimates prove conservative, and actual revenues exceed budget. However, FY 2001/02 estimated actual revenues are \$600,000 less, excluding transfers in, than those budgeted in FY 2001/02. Therefore, FY 2001/02 performance reset the baseline at a lower level, from which revenues will grow in FY 2002/03.

## Property Tax

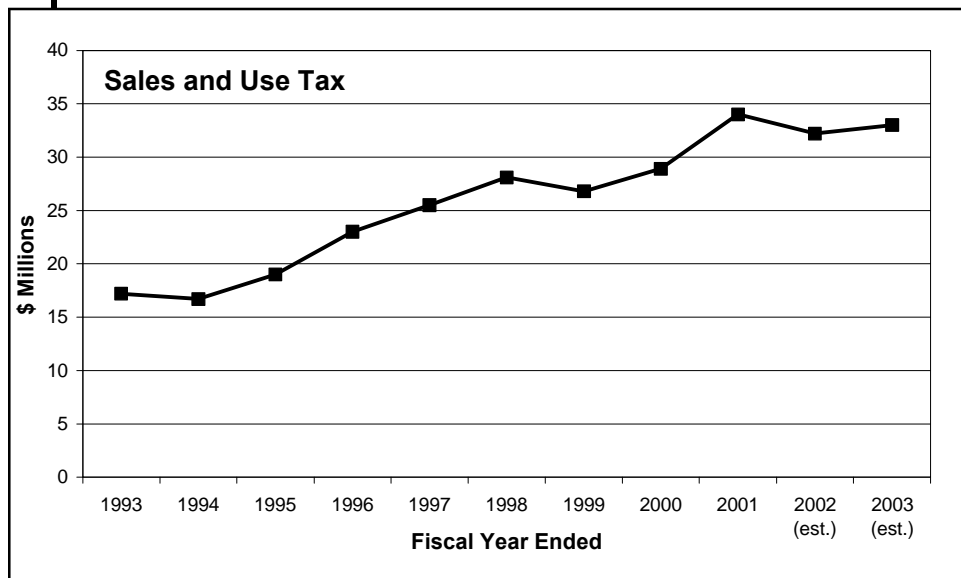
Property tax, the largest revenue source for the General Fund, comprising approximately 33% of General Fund revenues, is imposed on real property (land and permanently attached improvements such as buildings) and personal property (movable property). It is based on the property's assessed value as determined by the County Assessor. The property tax rate is limited to 1% of the assessed value plus rates imposed to fund indebtedness approved by the voters. In FY 2002/03, this revenue is expected to grow 8.6% over the FY 2000/01 estimated actual amount. This growth reflects a strong increase in the assessed valuation of property in Fremont.



### Sales and Use Tax

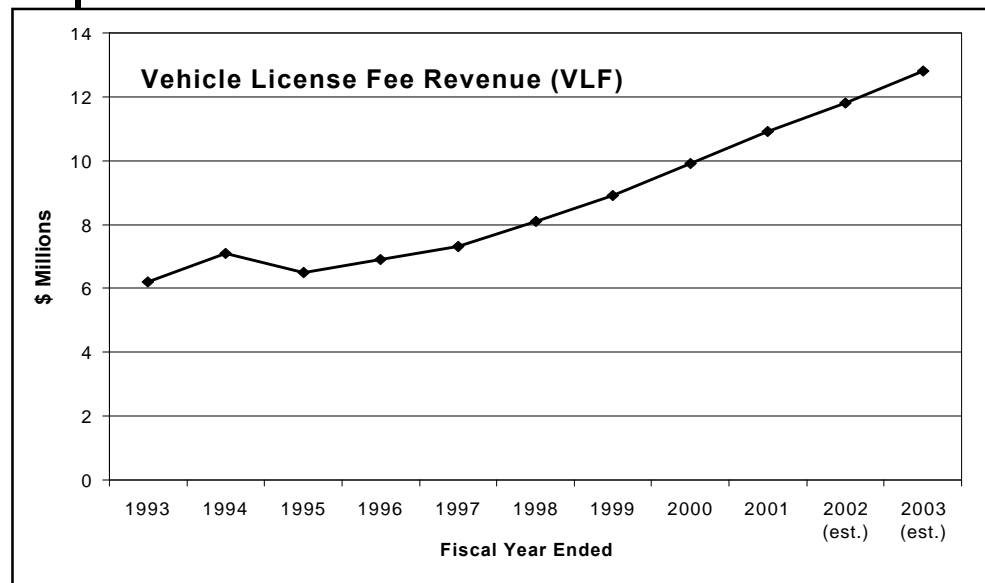
Sales tax represents the second largest revenue source for the General Fund. Sales tax is imposed on retailers for the privilege of selling goods and services in California. One percent is collected by the State Board of Equalization and then allocated back to cities and counties based on a point-of-sale formula. The City also receives sales tax funding through the half-cent tax passed by the voters for public safety (Proposition 172), which is forecasted at \$1.1 million for FY 2002/03. The use tax complements the sales tax (at the same rate) and is imposed for transactions on which sales tax is not collected.

Based on rapid sales and use tax growth of recent years, 27% between FY 1998/99 and FY 2000/01, the FY 2001/02 budget projected continued growth. Because of the economic downturn that significantly affected retail and business-to-business sales, FY 2001/02 sales and use tax are estimated to finish the year approximately \$2.1 million below the budgeted level of \$34.3 million. Sales and use tax are projected to resume growth in FY 2002/03, increasing by 2.5%, to \$33.0 million.



### Vehicle License Fees (VLF)

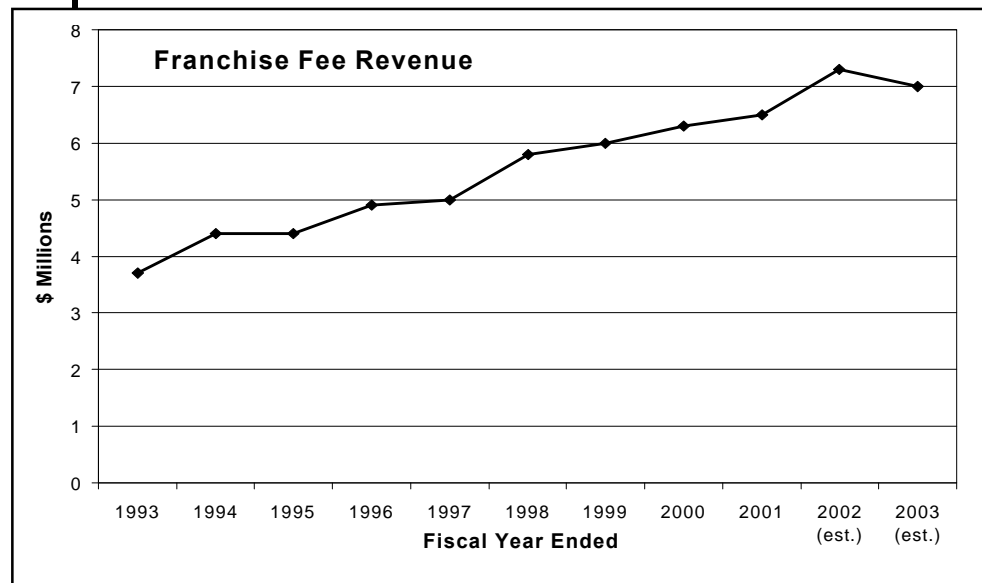
A vehicle license fee equivalent to 1.5% of the market value of motor vehicles is imposed annually by the State and collected on behalf of cities and counties “in lieu” of local property taxes. This tax is primarily allocated based on population after being evenly divided between cities and counties. As part of its FY 1998/99 and FY 1999/00 budget adoption, the State reduced the vehicle license fee by 35% as a tax relief to vehicle owners but made up this shortfall to local governments from its general fund. In FY 2000/01, the State cut the VLF by another 32%, for a total of 67%. The VLF is a vulnerable revenue source because the State could reduce, or not backfill at all, the amount it transfers to local governments. This budget, however, assumes the State will continue to backfill the total amount. VLF revenue is expected to grow by 8.5% over the FY 2001/02 projected amount. This increase reflects moderate growth in the sale of new vehicles, as well as an increase in the total market value of motor vehicles in California.



### Franchise Fees

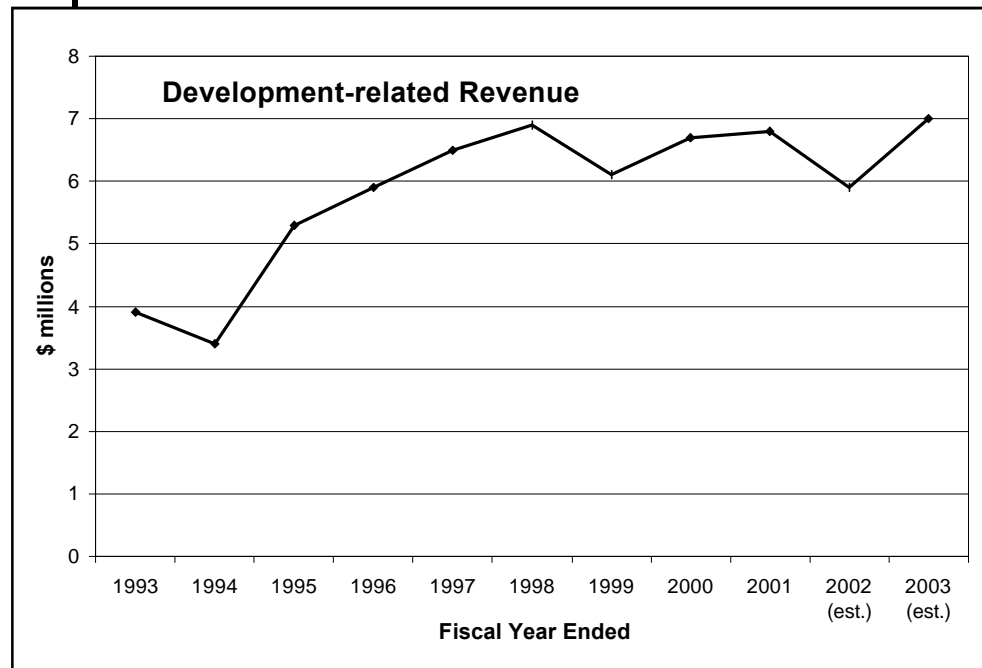
State statutes provide Fremont with the authority to impose fees on privately owned utility companies and other businesses for the privilege of using City rights-of-way. The City receives various franchise fees from electric and gas utilities, the solid waste franchise collector, and cable companies. Electric and gas franchise fees are paid annually in April; cable television and refuse franchise fees are remitted quarterly and monthly, respectively.

Despite PG&E's bankruptcy filing, we expect the company will continue to pay its franchise fee. However, the recent volatility in the energy market has turned this usually stable and predictable revenue source into one of the most difficult to forecast. PG&E revenues out-performed the FY 2001/02 budgeted level by almost 20%, most likely because of high energy costs in 2001. We do not feel that this growth rate is sustainable or that it provides a reasonable base for future projection, so we are forecasting that total franchise fees will decrease slightly in FY 2002/03.



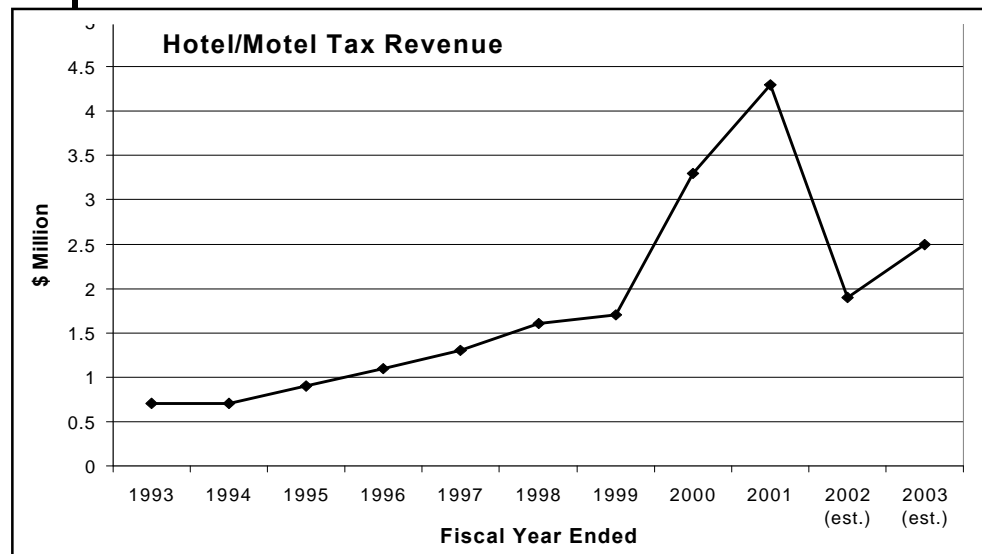
### Development-Related Revenue

The City places all development-related costs — including a variety of fees, licenses, and permits related to development — in the Development Cost Center. These revenues support the development-related activities of the cost center, including plan-checking, building inspection, and engineering activities. The City experienced strong growth in construction activity during the mid-1990s. With the economic slowdown that began in FY 2000/01, development-related revenues declined. FY 2001/02 revenues are estimated to be 13% lower than FY 2000/01. Projections for FY 2002/03 assume a return to revenue levels similar to the FY 2000/01 through a moderate economic recovery in the construction sector and a potential increase in fee levels.



### Hotel/Motel Tax

Hotel/motel tax revenues experienced a major decrease in 2001/02. Instead of receiving \$4.6 million as budgeted, the City estimates actual receipts to be \$1.9 million, or a \$2.7 million shortfall compared with the budget. The FY 2001/02 budget was based on rapid growth in hotel rooms and business activity during calendar years 1999 and 2000, which had yielded unprecedented hotel/motel tax revenue growth. Revenue began declining late in 2000 as the economy soured, a trend that was reinforced with the travel industry effects of September 2001. The declining trend appears to be reversing slowly, and we expect FY 2002/03 revenue to increase from FY2001/02 levels by 32.0% to \$2.5 million.



### Investment Earnings

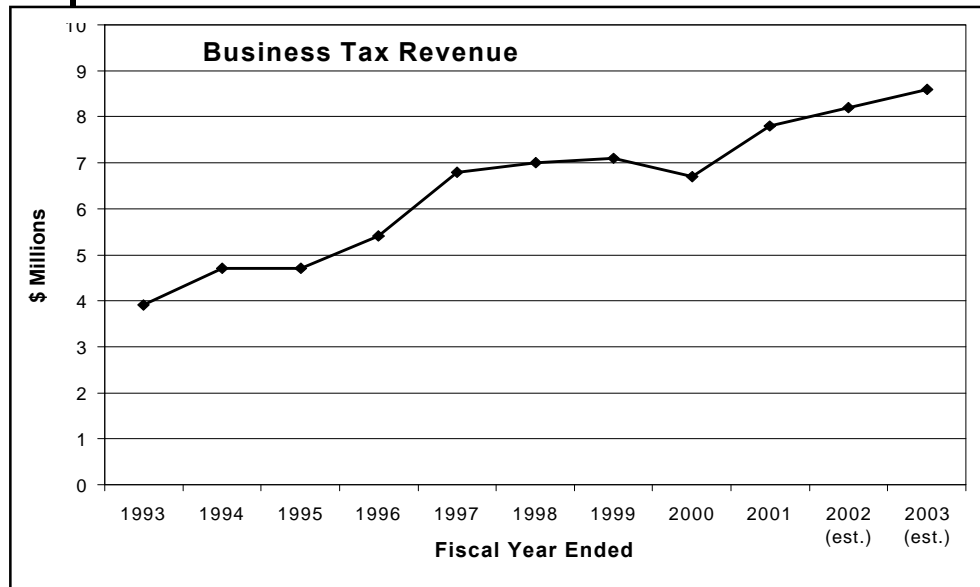
The City earns revenue from the prudent investment of its idle funds. In making investment decisions, consideration is given to safety, liquidity, and yield, in that order. A report of all City investment activity is presented to the City Council monthly. Investment earnings also include unrealized gains/losses which reflect a change in the market value of the City's investments. Because these gains and losses are driven by fluctuations in interest rates and do not actually occur until the investment is actually sold or matures, the City does not include these in its budget projections. Falling interest rates in FY 2000/01 were responsible for the significant increase in booked investment earnings for that year. Falling interest rates in FY 2000/01 were responsible for the significant increase in booked investment earnings for that year. The City expects a 19.4% decrease in investment earnings in FY 2001/02, and a modest increase in FY 2002/03. This increase is due to the growth in portfolio size and assumes that interest rates remain steady.





### Business Tax

The business tax is imposed on entities conducting business within the City of Fremont. The rate varies depending on the type and size of business. For FY 2002/03, we forecast business tax revenues to grow 2.8% over the estimated actual amount in FY 2001/02. This growth reflects steady business activity in the City during FY 2001/02, as well as strong enforcement activity.



## General Fund

The General Fund accounts for the proceeds of tax revenues and other general revenues that are expended for the City's general operations.

### Contingency Reserve

The Contingency Reserve was established to help mitigate the effects of such unanticipated situations as economic downturns, loss of revenues, errors in financial forecasting and natural disasters. This reserve is maintained at a level of 12.5% of expenditures and transfers out. The policy governing this reserve is located at the end of this budget document.

### Program Investment Reserve

The Program Investment Reserve was created to provide a source of working capital for new programs or enterprises that have the potential for costs to be covered by outside sources. This reserve is maintained at a level of 2.5% of expenditures and transfers out. The policy governing this reserve is located at the end of this budget document.

### Budget Uncertainty Reserve

The Budget Uncertainty Reserve is a new reserve which is intended to be temporary. Its purpose is to support more aggressive revenue collection assumptions and expenditure reduction targets. The unspent portion of the reserve will be reconsidered each year for continuation or elimination. If eliminated, the unspent funds will be designated for capital projects, budgeted for service enhancement, or returned to the General Fund available fund balance. The policy governing this reserve is located at the end of this document.



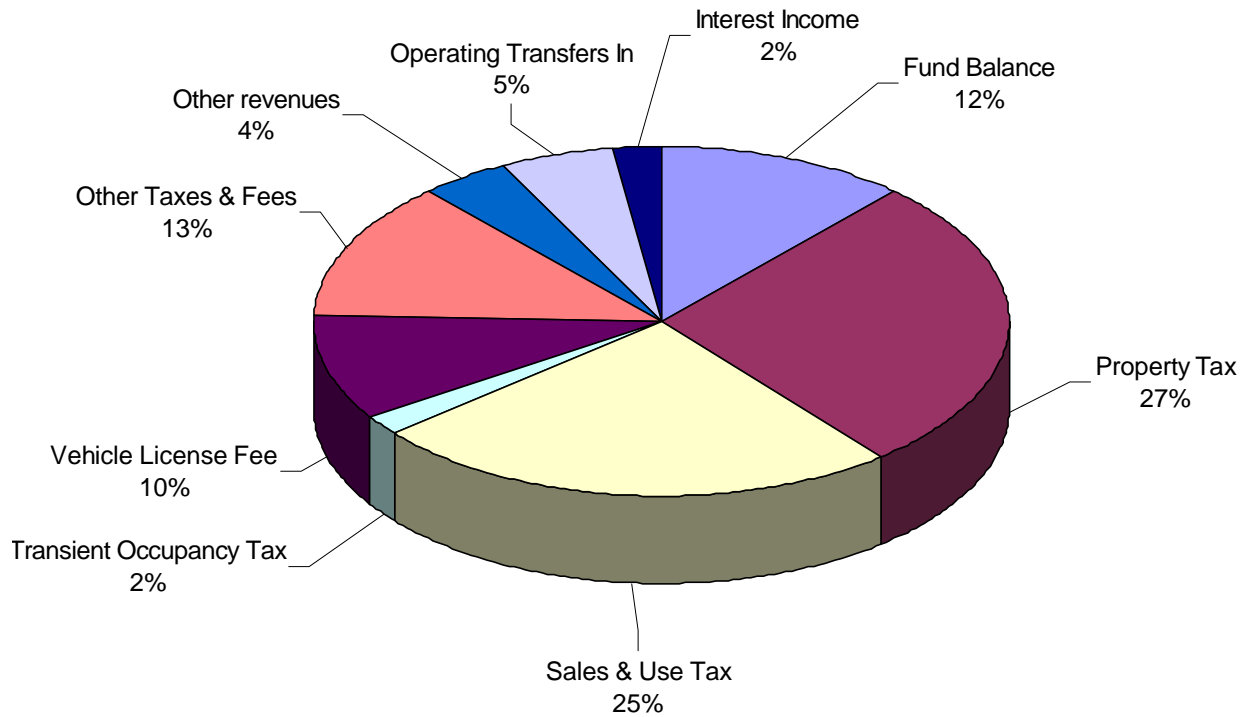
*Fremont's Central Park as seen from the East Bay hills.*

<b>General Fund</b>					
			Program	Short-Term	<b>Total</b>
	General	Contingency	Investment	Budget Uncertainty	<b>General</b>
<b>(Thousands of Dollars)</b>	<b>Fund</b>	<b>Reserve</b>	<b>Reserve</b>	<b>Reserve</b>	<b>Fund</b>
<b>Fund Balance - 6/30/02 (est.)</b>	\$15,892	\$14,761	\$2,952	\$6,200	\$39,805
<b>Revenues:</b>					
Property Tax	36,697				36,697
Sales & Use Tax	33,038				33,038
Franchises	6,996				6,996
Business Tax	8,571				8,571
Interest Income	2,973				2,973
Transient Occupancy tax	2,522				2,522
Vehicle License Fee	12,811				12,811
Paramedics	1,467				1,467
Intergovernmental Revenues	1,020				1,020
Charges for Services	1,830				1,830
Fines	1,968				1,968
Other Revenues	710				710
<b>Total Revenues</b>	110,603				110,603
Operating Transfers In	7,488	293	59		7,840
<b>Total Available Resources</b>	133,983	15,054	3,011	6,200	158,248
<b>Expenditures</b>					
General Government	12,337				12,337
Public Safety:					
Police	40,137				40,137
Fire	23,943				23,943
Development and Environmental Services:					
Planning					
Building & Safety					
Engineering					
Community Preservation (1)	738				738
Environmental Services					
Human Services	2,884				2,884
Maintenance and Recreation:					
Maintenance (2)					
Recreation (3)					
Neighborhoods	356				356
Non-departmental	2,684				2,684
TRANS Debt costs	400				400
<b>Total Expenditures</b>	83,479				83,479
Operating Transfers Out (4)	37,302				37,302
Transfers to Reserves	405				405
<b>Total Use of Resources</b>	121,186				121,186
<b>Fund Balance - 6/30/03 (est.)</b>	\$12,797	\$15,054	\$3,011	\$6,200	\$37,062

NOTE: 1) The only General Fund costs displayed in this chart for Development and Environmental Services are for Community Preservation. Other department costs are displayed in the Other Funds section of this document. 2) Maintenance activities are funded in the Integrated Capital Assets Plan and can be found in the Capital Funds section of this document. 3) Recreation activities are funded in the Recreation Cost Center with a combination of General Fund and fee revenues. Department costs can be found in the Cost Centers/Internal Service section of this document. 4) Detail of the Operating Transfers In and Operating Transfers Out can be found in the Five-Year Forecast section of the document.

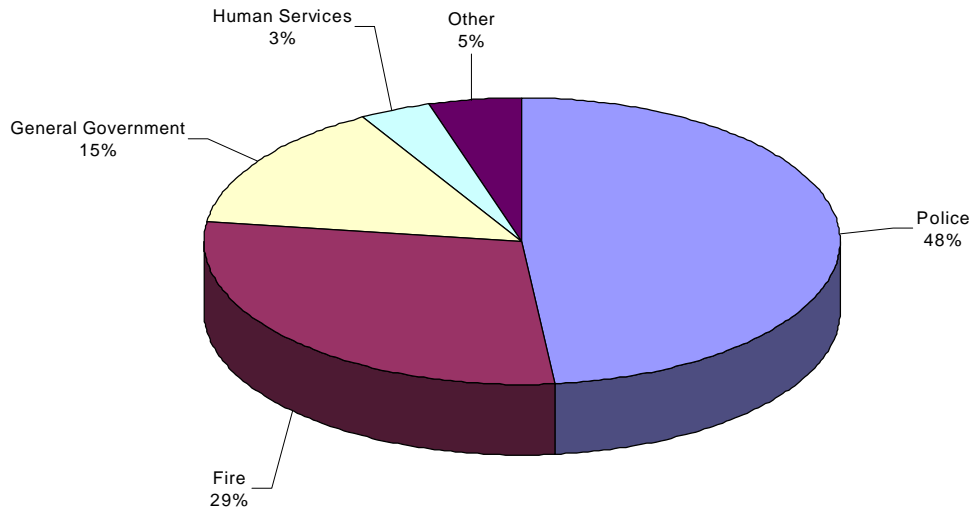
# General Fund Operating Resources

**General Fund Available Resources  
Fiscal 2002/03: \$134.0 million**

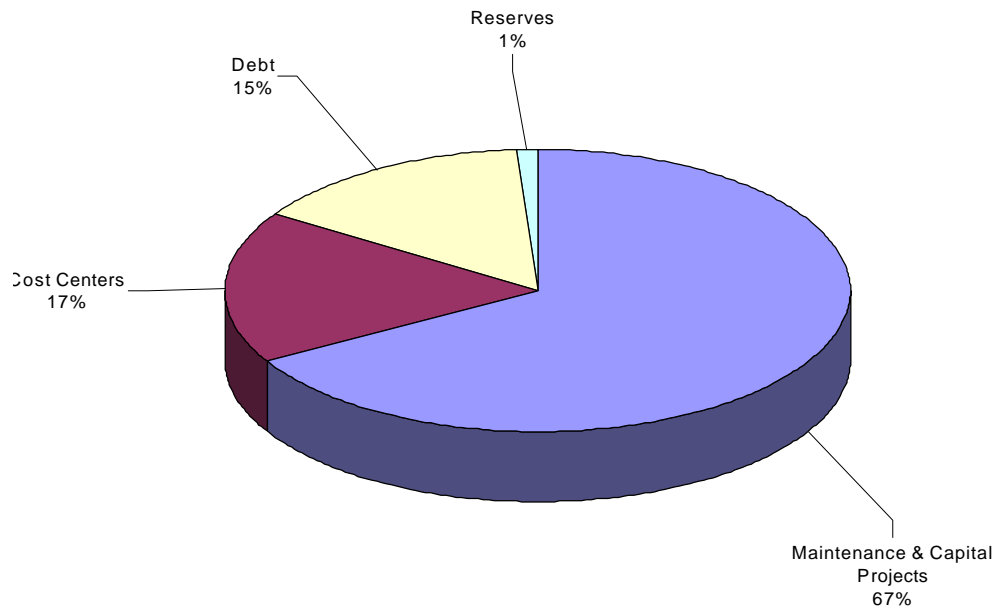


# General Fund Allocation of Resources

**General Fund Expenditures**  
FY 2002/03: \$83.5 million



**General Fund Operating and Reserve Transfers**  
FY 2002/03 \$37.7 million



# Non-Departmental Budget

Appropriations of the General Fund not directly associated with specific departments are classified as “nondepartmental.” Several expenditure items are included, as well as certain types of anticipated general savings that are not identified with or allocated to individual departments.

Expenditure Items	
• Operating costs for extra hours for Fremont’s libraries	\$737,000
• City Manager’s contingency account	500,000
• Employee leave pay-out	650,000
• Tuition reimbursement through bargaining unit agreements	25,000
• Property tax administration fee and sales tax audit fee	266,000
• Other non-departmental	<u>506,000</u>
<b>Non-Departmental Budget</b>	<b>\$2,684,000</b>



# Five-Year Forecast

## Overview

Five-year forecasting is an important tool in the City's long-range financial planning. The economic recession of the early 1990s highlighted the importance of monitoring projected revenues and future expenditures to ensure that any added ongoing costs can be met with realistic future revenue streams. The five-year forecast is updated after the first quarter and at mid-year, and again during budget development for the following year, using the most current information available.

The forecast models significant assumptions made for each forecast year and distinguishes between ongoing costs and onetime expenditures. This section reviews the major assumptions in the model and highlights accounting, programmatic and policy considerations accounted for in the forecast.

## General Assumptions

The five-year forecast includes estimated actual results for FY 2001/02 and forecasts of revenues and expenditures for the next five years, through FY 2006/07. The forecast assumes the following: (a) revenues reflecting a moderate economic recovery from the FY 2001/02 downturn, (b) expenditure increases based on negotiated agreements with employee bargaining units and the Consumer Price Index, (c) increases in planned service levels, (d) commitments for fund transfers contained in the Adopted 2001/06 CIP/ICAP budget, and (e) commitments for all known and anticipated debt service.

## Fund Balance

In the forecast, the ending fund balance for one year becomes the beginning fund balance for the following year. The ending fund balance for FY 2000/01 of \$27.8 million became the beginning fund balance for FY 2001/02. The net results of operations for FY 2001/02 is projected to be negative \$3.3 million, mostly due to revenue shortfalls. Additionally, \$6.6 million will be transferred to General Fund reserves. The combination of net results and the transfer to reserves is subtracted from the beginning fund balance, for an ending fund balance of \$15.9 million, which becomes the beginning fund balance for FY 2002/03.

The net results trend is one of the most useful for budget planning and management. In each year of the current forecast, except for FY 2006/07, expenditures including transfers out are greater than revenues including transfers in, resulting in negative net results. Consequently, the ending fund balance in FY 2006/07 is only slightly higher than zero. Without changes in expenditures or increased revenues, the City will consume all of its accumulated fund balance over the five-year forecast. Of course, staff would recommend course corrections long before consuming the entire fund balance. Without a five-year planning horizon, however, the City risks making decisions that jeopardize its financial sustainability.

## Revenue Assumptions

Property tax makes up approximately 33% of total General Fund revenues, and 31% of all General Fund resources, in FY 2002/03. The City receives a property tax allocation from Alameda County based on growth in the City's assessed property valuation. Property tax in the five-year forecast



reflects an increase of 7% in FY 2002/03 and FY 2003/04, and 8% in FY 2004/05 thru FY 2006/07. The forecast assumes no Educational Revenue Augmentation Fund (ERAF) relief. ERAF is the State legislation that takes more than \$9 million property tax annually that would otherwise come to the City.

Sales/use tax comprises approximately 30% of total General Fund revenues, and 28% of all General Fund resources, in FY 2002/03. After unprecedented sales tax revenue growth in FY 2000/01, the City experienced a decrease of 5% in FY 2001/02, due to the national economic slowdown. In FY 2002/03, the City expects sales tax revenue to resume moderate growth at 3%. For the five-year forecast, sales tax growth is projected to accelerate by 5.5% in FY 2003/04, 6.0% in FY 2004/05, 7.0% in FY 2005/06, and 7.5% in FY 2006/07.

Proposition 172 (one-half cent sales tax) is included in the sales tax category in the five-year forecast. It is allocated countywide and is expected to increase at the same rate as general sales tax, even though the allocation method for this revenue is separate from the allocation of other sales/use tax.

Other taxes, franchises and permits. Separate estimates are made for each of the revenue sources that comprise this category. The most significant are motor vehicle license fees (VLF), business tax, and franchise fees. VLF is projected to grow at 7% annually, assuming the State continues to backfill funds to the City to compensate for the reduction of fees to vehicle owners. The business tax category of revenues is forecast to increase 3% in FY 2002/03, and 5% annually through FY 2006/07. Franchise fees outperformed budget estimates by 18% in FY 2001/02. As this may not be sustainable growth in the long-term, the projection for FY 2002/03 is for a 5% decrease. The projection for FY 2003/04 is a 4% increase, with a 3% increase through FY 2006/07. The hotel/motel tax, which decreased by more than 50% during the downturn of FY 2001/02, is expected to rebound by 30% in FY 2002/03, increase by 20% in FY 2003/04, 15% in FY 2004/05, and 10% in the final two years of the forecast

Interest and intergovernmental. Interest income is expected to grow 3% over the five-year forecast period, anticipating a small increase in the City's investment portfolio. This conservative assumption reflects the fact that interest rates and General Fund cash balances, the two factors that determine interest income, are difficult to forecast. Intergovernmental revenues are expected to grow approximately 3% throughout the five-year forecast.

Charges for services. This category consists mainly of revenues received from various services provided by City staff to local private events, and reimbursements from Fremont Unified School District for part of the costs of School Resource Officers. The growth rate for charges from services is approximately 3% in FY 2002/03 and thereafter.

Other revenues are expected to grow by about 2% annually throughout the forecast period.

## Operating Transfers In

The amounts shown as “Operating Transfers In” represent primarily overhead cost allocations and other General Fund service charges to other funds of the City. A schedule detailing all transfers for the five-year period is located in the General Fund section of this budget document.

## Expenditures

In the five-year forecast, budgeted salary and benefit expenditures have been increased each year based on increased rates and information from negotiated agreements with bargaining units, where available. The forecast uses the budget for FY 2002/03 as its base year. New staff and operating and capital expenditures added for this year are discussed in detail in both the Budget Overview and the departmental sections.

Salary and benefit projections are based on the budget estimate for FY 2002/03. Estimates incorporate many elements from bargaining unit agreements, the current status of each position, and each individual employee’s salary. As a result, cost estimates for currently authorized staff are reasonably accurate.

The five-year forecast incorporates assumptions associated with expenditure control budgeting (ECB). ECB, as implemented in Fremont, limits expenditure budget increases to negotiated increases for salaries and an inflation-related percentage increase for non-salary items. Departments are expected to manage operations within these expenditure growth limits. In exchange for limits on budget increases, the ECB system allows departments to use a portion of budget savings (that is, appropriations minus expenditures) generated in prior years. The forecast assumes that departments will save approximately 1.5% of their budgets. Of this savings, 75% will return to fund balance and 25% will be available for departmental programming upon City Manager approval of a spending plan.

Included in “other non-departmental” are the City Manager’s contingency allocation, the City’s contribution for extra library hours, the employee assistance program, and other costs. The budgetary assumptions for this line are detailed in the General Fund section of this budget.

## Operating Transfers Out

A schedule of transfers out for the five-year period is contained in the General Fund section of this budget document. The reasons the transfers vary over the next five years include the following:

- *Contributions to the Capital Improvement Program/Integrated Capital Assets Plan* – Contributions from the General Fund to the Capital Improvement Program/Integrated Capital Assets Plan (CIP/ICAP) support the acquisition and maintenance of the City’s capital assets. The General Fund is contributing \$25.1 million to the CIP/ICAP during FY 2002/03, a decrease of \$2.2 million from the budgeted contribution in FY 2001/02. This budget is decreasing because the FY 2001/02 contribution included funds for a one-time maintenance

enhancement project and a major land purchase. Offsetting the FY 2002/03 decrease from one-time expenditures is an increase of \$1.0 million per year for investment in Fremont's downtown.

- *Debt service* – For FY 2002/03, budgeted transfers for debt service are increasing over those budgeted in FY 2001/02. This is primarily the result of the beginning of debt service payments for a bond issuance that partially funds a new fire station and the remodel of another fire station. The forecast for debt service increases significantly in FY 2004/05, as debt service payments are scheduled to begin for the new Corporation Yard and the Northgate Community/Senior Center.
- *The General Fund allocation to the Development, Senior Center, and Recreation Cost Centers*

The General Fund allocation to the Development Cost Center covers the cost of services provided by the Development Cost Center to the General Fund. The General Fund allocation to the Development Cost Center for FY 2002/03 is \$114,375 more than the allocation in FY 2001/02 to cover the existing level of service.

The General Fund allocation to the Senior Center supports staffing and operations costs at that facility. In FY 2002/03, the allocation to the Senior Center is increasing by approximately \$68,000 over the FY 2000/01 amount. This includes additional staffing costs that the General Fund agreed to support in FY 2001/02 and thereafter.

The General Fund allocation to the Recreation Cost Center supports activities not otherwise covered by fees. In FY 2002/03, the allocation to this cost center is increasing by \$286,000 to cover increases in existing costs. The increase can be attributed to labor increases as a result of bargaining unit agreements, an additional position for the teen center scheduled to open in 2002, and certain onetime costs. The contribution is 2.2% less than the calculated contribution to reflect a budget reduction similar to that required of General Fund departments. Staff refined the basis for the General Fund contribution to the cost center, which will prompt a General Fund contribution increase from \$3.3 million to \$3.9 million over the five-year forecast period. The plan to ramp-up to the negotiated level instead of adjusting for the entire increase in FY 2002/03 makes an additional \$250,000 per year available to the General Fund that otherwise would have supported cost center activities.

- *Transfers to Reserves* – City Council policies require that 15% of total General Fund expenditures and transfers out be held in two reserves, the Contingency Reserve (12.5%) and the Program Investment Reserve (2.5%). Consistent with these policies, the City will transfer \$405,000 to General Fund Reserves in FY 2002/03, with similar contributions, based on General Fund growth, projected through FY 2006/07.

The forecast presented in the FY 2002/03 budget contains a new, temporary Budget Uncertainty Reserve. This reserve, initially budgeted at \$6.2 million, is intended to reinforce other revenue and expenditure assumptions in the forecast considering the level of uncertainty facing the City in FY 2002/03.

General Fund Recommended Budget and Forecast Through 2006/07						
(Thousands of Dollars)	FY 01/02 Est. Actual	FY 02/03 Proposed	FY 03/04	FY 04/05	FY 05/06	FY 06/07
<b>Revenues:</b>						
Property Tax	33,795	36,697	39,266	42,407	45,800	49,463
Sales & Use Tax	32,170	33,038	34,887	37,012	39,632	42,632
Franchises	7,254	6,996	7,290	7,536	7,763	7,999
Business Tax	8,213	8,571	9,000	9,449	9,922	10,418
Interest Income	2,929	2,973	3,075	3,178	3,280	3,383
Transient Occupancy tax	1,912	2,522	3,026	3,480	3,827	4,211
Vehicle License Fee	11,798	12,811	13,708	14,668	15,695	16,793
Paramedics	1,121	1,467	1,520	1,575	1,633	1,692
Intergovernmental Revenues	1,033	1,020	1,041	1,063	1,084	1,106
Charges for Services	1,906	1,830	1,858	1,923	1,949	2,012
Fines	1,919	1,968	1,989	2,009	2,030	2,091
Other Revenues	952	710	738	766	795	825
<b>Total Revenues</b>	<b>105,002</b>	<b>110,603</b>	<b>117,398</b>	<b>125,066</b>	<b>133,410</b>	<b>142,625</b>
<b>Operating Transfers In:</b>						
Recurring Transfers In	6,579	7,488	7,804	8,081	8,418	8,716
Non-recurring Transfers In	410					
<b>Total Operating Transfers In</b>	<b>6,989</b>	<b>7,488</b>	<b>7,804</b>	<b>8,081</b>	<b>8,418</b>	<b>8,716</b>
<b>Resources Available:</b>						
<b>Revenues plus Operating Transfers In</b>	<b>111,991</b>	<b>118,091</b>	<b>125,202</b>	<b>133,147</b>	<b>141,828</b>	<b>151,341</b>
<b>Expenditures:</b>						
General government	10,884	12,337	13,375	14,249	14,820	15,639
Police	37,726	40,137	42,945	46,101	48,873	51,733
Fire	24,089	23,943	25,521	27,415	29,008	30,779
Community Preservation (DES)	577	738	822	877	923	972
Human Services	2,589	2,884	3,207	3,410	3,583	3,765
Neighborhoods	345	356	385	405	424	444
Other Non-Departmental	1,131	2,684	765	713	686	707
TRANS (debt) costs	317	400	400	500	500	500
<b>Total Expenditures</b>	<b>77,658</b>	<b>83,479</b>	<b>87,420</b>	<b>93,670</b>	<b>98,817</b>	<b>104,539</b>
<b>Operating Transfers Out:</b>						
Integrated Capital Assets Plan	26,428	25,108	26,322	27,146	28,070	29,030
Debt	5,042	5,578	6,926	9,701	9,731	9,767
Cost Center Allocations	6,153	6,566	6,668	6,909	7,158	7,665
Other	50	50	50	50	50	50
<b>Total Operating Transfers Out</b>	<b>37,673</b>	<b>37,302</b>	<b>39,966</b>	<b>43,806</b>	<b>45,009</b>	<b>46,512</b>
<b>Resources Used:</b>						
<b>(Expenditures plus Operating Transfers Out)</b>	<b>115,331</b>	<b>120,781</b>	<b>127,386</b>	<b>137,476</b>	<b>143,826</b>	<b>151,051</b>
<b>Net Results of Operations:</b>						
<b>(Resources Available less Resources Used)</b>	<b>(3,340)</b>	<b>(2,690)</b>	<b>(2,184)</b>	<b>(4,329)</b>	<b>(1,998)</b>	<b>290</b>
Transfer to Reserves	8,596	405	990	1,514	952	1,083
<b>Beginning Fund Balance:</b>						
<b>(Ending Fund Balance from the Prior Year)</b>	<b>27,828</b>	<b>15,892</b>	<b>12,797</b>	<b>9,623</b>	<b>3,780</b>	<b>830</b>
<b>Ending Fund Balance</b>	<b>15,892</b>	<b>12,797</b>	<b>9,623</b>	<b>3,780</b>	<b>830</b>	<b>37</b>

# Operating Transfers Detail for the General Fund

Transfer In Detail						
(Thousands of Dollars)	FY 01/02 Est. Actual	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07
<b>Overhead Transfers In From Other Funds:</b>						
Overhead charges to development (Funds 011, 012, 013)	\$ 1,484	\$ 1,703	\$ 1,771	\$ 1,842	\$ 1,916	\$ 1,993
Overhead charges to environmental (Fund 115,123)	129	319	332	345	359	373
Overhead charges to Paratransit (Fund 151, 164)	22	91	95	99	103	107
Human Services Overhead to Grants	26	31	32	33	34	35
Overhead charges to Recreation (Fund 189)	735	786	817	850	884	919
Overhead charges to ICAP (Fund 500)	2,500	2,541	2,643	2,749	2,859	2,973
Overhead amounts to INFO SYS (Fund 620)	513	568	591	615	640	666
Overhead charges to LLMDs (Fund 460)	4	4	4	4	4	4
Overhead charges to Multifamily Housing (Fund 191)	26	25	26	27	28	29
Overhead charges to Low & Moderate Housing (Fund 911)	69	91	95	99	103	107
Overhead from RDA (Fund 950)	221	354	368	383	398	414
Leave separation annuity charge	-	125	130	135	140	146
<b>Sub-total Recurring Transfers In from Other Funds</b>	<b>\$ 5,729</b>	<b>\$ 6,638</b>	<b>\$ 6,904</b>	<b>\$ 7,181</b>	<b>\$ 7,468</b>	<b>\$ 7,766</b>
<b>Miscellaneous Recurring Transfers In:</b>						
Impact fee reimbursement	850	850	900	900	950	950
<b>Sub-total Misc. Recurring Transfers In</b>	<b>\$ 850</b>	<b>\$ 850</b>	<b>\$ 900</b>	<b>\$ 900</b>	<b>\$ 950</b>	<b>\$ 950</b>
<b>Miscellaneous Non-recurring Transfers In:</b>						
Transfers from LID 26	410	-	-	-	-	-
<b>Sub-total Misc. Non-recurring Transfers In</b>	<b>\$ 410</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL OPERATING TRANSFERS IN</b>	<b>\$ 6,989</b>	<b>\$ 7,804</b>	<b>\$ 7,854</b>	<b>\$ 8,081</b>	<b>\$ 8,418</b>	<b>\$ 8,716</b>

Transfer Out Detail						
(Thousands of Dollars)	FY 01/02 Est. Actual	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07
<b>Transfers to the CIP:</b>						
Contribution to Maintenance	\$ 20,108	\$ 21,108	\$ 22,322	\$ 23,146	\$ 24,070	\$ 25,030
Contribution to Other CIP Projects	2,000	2,000	2,000	2,000	2,000	2,000
Additional CIP contribution	1,700	-	-	-	-	-
Ramp up Cost for Downtown Plan	1,000	2,000	2,000	2,000	2,000	2,000
Catellus Parcel Transfer to CIP	1,620	-	-	-	-	-
<b>Sub-total - Transfers for the ICAP</b>	<b>\$ 26,428</b>	<b>\$ 25,108</b>	<b>\$ 26,322</b>	<b>\$ 27,146</b>	<b>\$ 28,070</b>	<b>\$ 29,030</b>
<b>Transfers for Debt Service:</b>						
1990 COP 39550 Lib. St. and fire trucks	410	438	430	447	464	481
1991 COP Fire	178	203	201	196	198	196
1997 COP City Services Center	409	358	358	357	357	360
1998 COP Library, Police Building, Fire	1,710	1,653	1,655	1,645	1,645	1,646
1997 COP Police Building	584	572	572	574	575	570
1998 COP Police Building	1,330	1,325	1,323	1,324	1,320	1,319
2001 COP Liberty/Capitol, Fire Land, City Hall	348	494	1,502	1,518	1,526	1,542
2002 COP (B) Liberty/Capitol, Fire Trucks	73	201	551	558	564	571
<b>Future Bond Issues:</b>						
Corporation Yard	-	-	-	2,100	2,100	2,100
Northgate Community/Senior Center	-	-	-	648	648	648
Fire Station #11 (Net of Catellus Contribution)	-	155	155	155	155	155
Fire Station Remodel - Phase 2	-	179	179	179	179	179
<b>Sub-total - Debt Service &amp; Future Bond Issues</b>	<b>\$ 5,042</b>	<b>\$ 5,578</b>	<b>\$ 6,926</b>	<b>\$ 9,701</b>	<b>\$ 9,731</b>	<b>\$ 9,767</b>
<b>Cost Center Allocations:</b>						
DES Cost Center	2,811	2,920	2,978	3,097	3,221	3,350
Recreation Cost Center	3,083	3,319	3,356	3,465	3,576	3,940
Senior Center Cost Center	259	327	334	347	361	375
<b>Sub-total - Cost Center Allocations</b>	<b>\$ 6,153</b>	<b>\$ 6,566</b>	<b>\$ 6,668</b>	<b>\$ 6,909</b>	<b>\$ 7,158</b>	<b>\$ 7,665</b>
<b>Other Transfers from the GF:</b>						
SACNET transfer from General Fund	50	50	50	50	50	50
<b>Sub-total - Other transfers</b>	<b>\$ 50</b>	<b>\$ 50</b>	<b>\$ 50</b>	<b>\$ 50</b>	<b>\$ 50</b>	<b>\$ 50</b>
<b>Transfers from the GF to Reserves:</b>						
Transfer to Contingency Reserve	1,997	337	825	1,262	793	903
Transfer to Program Investment Reserve	399	68	165	252	159	180
Transfer to Budget Uncertainty Reserve	6,200	-	-	-	-	-
<b>Total Reserves</b>	<b>\$ 8,596</b>	<b>\$ 405</b>	<b>\$ 990</b>	<b>\$ 1,514</b>	<b>\$ 952</b>	<b>\$ 1,083</b>
<b>Total Operating Transfers Out and Transfers to Reserves</b>	<b>\$ 46,269</b>	<b>\$ 37,707</b>	<b>\$ 40,956</b>	<b>\$ 45,320</b>	<b>\$ 45,961</b>	<b>\$ 47,595</b>

**General Fund Historical Budget, FY 1997/98 through FY 2000/01  
(FY 2001/02 projected and FY 2002/03 proposed)**

(Thousands of Dollars)	FY 97/98 Actual	FY 98/99 Actual	FY 99/00 Actual	FY 00/01 Actual	FY 01/02 Est. Actual	FY 02/03 Budget Proposed
<b>Revenues:</b>						
Property Tax	23,016	25,144	27,934	30,473	33,795	36,697
Sales & Use Tax	28,095	26,791	28,200	33,159	32,170	33,038
Franchises	5,558	5,990	6,285	6,540	7,254	6,996
Business Tax	6,833	7,008	5,494	6,918	8,213	8,571
Interest Income	1,546	1,376	1,572	3,598	2,929	2,973
Transient Occupancy tax	1,584	1,677	3,341	4,340	1,912	2,522
Vehicle License Fee	8,126	8,880	9,906	10,917	11,798	12,811
Paramedics	840	971	1,126	1,392	1,121	1,467
Intergovernmental Revenues	687	841	1,104	1,516	1,033	1,020
Charges for Services	5,855	5,563	6,178	2,753	1,906	1,830
Fines	507	1,011	1,198	1,752	1,919	1,968
Other Revenues	953	748	662	5,513	952	710
<b>Total Revenues</b>	<b>83,600</b>	<b>86,000</b>	<b>93,000</b>	<b>108,871</b>	<b>105,002</b>	<b>110,603</b>
Total Operating Transfers In	6,900	6,700	6,900	6,117	6,989	7,488
<b>Resources Available: Revenues plus Operating Transfers</b>	<b>90,500</b>	<b>92,700</b>	<b>99,900</b>	<b>114,988</b>	<b>111,991</b>	<b>118,091</b>
<b>Expenditures:</b>						
General government	9,000	9,000	10,000	9,705	10,884	12,337
Police	28,200	29,700	30,800	33,301	37,726	40,137
Fire	19,600	21,700	21,400	20,208	24,089	23,943
Community Preservation (DES)	400	400	500	545	577	738
Human Services	2,000	1,900	2,400	2,381	2,589	2,884
Neighborhoods		100	100	238	345	356
Other Non-Departmental	700	800	1,300	2,061	1,131	2,684
TRANS (debt) costs	500	600	300	450	317	400
<b>Total Expenditures</b>	<b>60,400</b>	<b>64,200</b>	<b>66,800</b>	<b>68,889</b>	<b>77,658</b>	<b>83,479</b>
Total Operating Transfers Out	30,100	26,300	31,475	32,004	37,673	37,302
<b>Resources Used: (Expenditures plus Operating Transfers)</b>	<b>90,500</b>	<b>90,500</b>	<b>98,275</b>	<b>100,893</b>	<b>115,331</b>	<b>120,781</b>
<b>Net Results of Operations: (Resources Available less Resources Used)</b>	<b>-</b>	<b>2,200</b>	<b>1,625</b>	<b>14,095</b>	<b>(3,340)</b>	<b>(2,690)</b>
Transfer to Reserves	1,100	1,100	725		8,596	405
Change in Encumbrance Reserve		(300)	(144)	(1,723)		
<b>Beginning Fund Balance: (Ending Fund Balance from the Prior Year)</b>	<b>10,200</b>	<b>9,100</b>	<b>9,900</b>	<b>10,656</b>	<b>27,828</b>	<b>15,892</b>
<b>Ending Fund Balance</b>	<b>9,100</b>	<b>9,900</b>	<b>10,656</b>	<b>23,028</b>	<b>15,892</b>	<b>12,797</b>

# **Cost Centers/ Internal Service Funds**

The City uses cost centers to account for City activities that are fee based. These funds receive revenues from outside users as well as internal City projects. The cost centers are cost-covering and often have carryover fund balances.

The City uses internal service funds to account for services that are provided primarily to departments within the City organization.

## **Development Services Cost Center Funds**

Three operations comprise the Development Services Cost Center Fund: Planning, Building and Safety, and Engineering. These operations were separated from other General Fund operations so that expenditures can be more closely tracked against revenues. Development Services Funds receive revenues from three primary sources:

- Development Permits and Charges for Services
- Capital Projects and Special Revenues
- General Fund

## **Recreation Cost Center Fund**

This fund accounts for the revenues and expenses associated with the various classes, programs, and activities administered by the Recreation Services Division of the Maintenance and Recreation Services Department. The General Fund of the City makes a contribution to this fund, which is shown on the “Transfers In” line of the chart on the following page.

## **Senior Center Cost Center Fund**

This fund accounts for revenues and expenditures for programs administered by the Senior Center.

## **Risk Management Internal Service Fund**

This fund accounts for the City’s uninsured risks of loss from vehicle and property damage, earthquakes and floods, workers’ compensation, general liability, and employment claims. Administrative costs, including coverage through our membership in the California Joint Powers Authority, are also accounted for in this fund. Resources for this fund are provided by charges to the departments and cost centers.

## **Information Systems Internal Service Fund**

This fund accounts for the City’s information system support and technology activity. Resources for this fund are generated by charges to the departments and cost centers that receive these services.



<b>Cost Centers/Internal Service</b>							
	Development	Recreation		<b>Internal Service</b>		Internal	
	Cost	Cost	Senior	Risk	Information	Service	<b>Total</b>
<b>(Thousands of Dollars)</b>	Center	Center	Center	Management	Systems	Reclass*	<b>Cost Centers/ Internal Service</b>
<b>Fund Balance - 6/30/02 (est.)</b>	\$3,750	\$5,161	\$281	\$2,465	\$634	\$0	\$12,291
<b>Revenues</b>							
Property Tax							
Sales & Use Tax							
Franchises							
Business Tax							
Interest Income	299	302		200	5		806
Transient Occupancy tax							
Motor Vehicle In Lieu							
Paramedics							
Intergovernmental Revenues							
Charges for Services	11,379	3,143	196	4,798	4,408	(9,206)	14,718
Fines							
Other Revenues		432	27	60			519
<b>Total Revenues</b>	11,678	3,877	223	5,058	4,413	(9,206)	16,043
Operating Transfers In	2,925	3,319	327				6,571
<b>Total Available Resources</b>	18,353	12,357	831	7,523	5,047	(9,206)	34,905
<b>Expenditures</b>							
General Government							
Public Safety:							
Police							
Fire							
Development & Environmental Services:							
Planning	2,759						2,759
Building & Safety	4,158						4,158
Engineering	6,855						6,855
Community Preservation							
Environmental Services							
Human Services			604				604
Maintenance and Recreation:							
Maintenance							
Recreation		6,318					6,318
Neighborhoods							
Non-departmental				5,299	4,823	(9,206)	916
Debt costs							
<b>Total Expenditures</b>	13,772	6,318	604	5,299	4,823	(9,206)	21,610
Operating Transfers Out	1,703	786	8				2,497
<b>Total Use of Resources</b>	15,475	7,104	612	5,299	4,823	(9,206)	24,107
<b>Fund Balance - 6/30/03 (est.)</b>	\$2,878	\$5,253	\$219	\$2,224	\$224	\$0	\$10,798

\* NOTE: The "Charges for Services" and "Non Departmental Expenditures" in the Risk Management and Information Systems Funds have been reclassified and are not part of the Proprietary Funds total because these amounts are included in other departments' budgets.

# **Special Revenue Funds**

Special revenue funds account for activities funded by special purpose revenues. Many of these funds have grant-based revenues, which may only be spent under specific guidelines. Most of the federal, State and County grants the City administers are included in this group.

## **Human Services**

### **Grants**

The Human Services Department receives grants from a number of different sources:

- Alameda County and Union City: grants to provide services to elders in Fremont and the Tri-City area.
- Alameda County: Youth Counseling Program funds for Youth and Family Counseling (allocated by the State Council for Criminal Justice Planning).
- Alameda County: Department of Behavioral Health funds to support a multi-disciplinary team approach to family support at the Fremont Family Resource Center.
- Proposition 10 (tobacco taxes): monies allocated by the County to support early childhood programs in Youth and Family Services .
- Tri-Cities Elders Coalition: funding raised for senior programs.
- State Department on Aging: funds for the Multipurpose Senior Services Program (funded by the State using State and federal dollars) to provide services aimed at allowing frail elders to remain in their homes.

### **Paratransit Program**

This fund accounts for the monies used to fund the City's paratransit program. Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related activities such as the paratransit program.

### **Family Resource Center Fund**

- This fund accounts for the revenues and expenses associated with the Fremont Family Resource Center (FRC). Rental payments by the various tenants of the FRC fund the salaries and benefits of the FRC administrator, and operating and capital expenditures at that facility. This fund also includes grants from private foundations to support programs at the FRC.

### **CDBG / HOME**

- Community Development Block Grant - This fund accounts for the City's allocation of federal Community Development Block Grant (CDBG) funds received from the U. S. Department of Housing and Urban Development for the purpose of developing viable urban communities. Through the CDBG Program, the City receives an annual entitlement grant to address certain housing and community development needs. Federal regulations require that at least 70% of the City's CDBG grant must directly benefit low and moderate income households, with each community tailoring its program to address specific local needs.
- HOME Grant – This fund accounts for monies received under the HOME Investment Partnership Act. HOME funds can be used to acquire, rehabilitate, finance and construct affordable housing.
- Multi-Family Housing Bonds - This fund accounts for tax-exempt multi-family housing bonds monitoring fees paid to the City.

**Police**

- Southern Alameda County Narcotics Enforcement Team (SACNET) - This fund accounts for the proceeds of assets forfeited as the result of drug activities and contributions from the cities of Fremont, Newark and Union City. The City of Fremont's contribution comes from the General Fund and is displayed as a "Transfer In."
- AB3229 - COPS Front Line Enforcement - These funds account for monies distributed by the County to be spent on front line law enforcement activities, including anti-gang and community crime prevention programs.
- Local Law Enforcement Block Grant - This fund accounts for monies received from the federal government and expended for criminal justice, crime or substance abuse prevention and treatment programs.
- Abandoned Vehicle Abatement - This fund accounts for monies received by the City under California Vehicle Code (CVC) Sections 9250.7 and 22710 and used for the abatement, removal and disposal as public nuisances of any abandoned, wrecked, dismantled or inoperative vehicles from private or public property.
- State Office of Traffic Safety Grant - This fund accounts for monies received from the State to provide funding for aggressive traffic enforcement and public relations for a county-wide campaign against drinking drivers.

**Environmental Services**

- Integrated Waste Management - This fund accounts for monies received by the City from solid waste collection rates and used to comply with the provisions of AB 939 for the purpose of addressing recycling, household hazardous waste and solid waste management issues. The current fund balance serves three purposes: (1) to support rate stabilization, (2) to implement interim garbage disposal measures in the event that the landfill closes before a new transfer station is operational, and (3) to cover costs associated with landfill closure.
- Urban Runoff Clean Water Program - This fund accounts for monies received to comply with the Federal Clean Water Act of 1987, which requires that storm water discharges from municipal storm drain systems be regulated under a nationwide surface water permit program. In order to obtain a permit, the City must implement programs to evaluate sources of pollutants in urban storm drain runoff, estimate pollutant loads, evaluate control measures, and implement a program of pollution controls.

Special Revenue Funds								
	Human Services					Environmental		Total
(Thousands of Dollars)	Grants	Paratransit	FRC	CDBG/ HOME	Multi - Family	Police Funds	Services Funds	Special Revenues
<b>Fund Balance - 6/30/02 (est.)</b>	\$133	\$4	\$2,409	\$1,896	\$1,074	\$1,062	\$13,052	\$19,630
<b>Revenues</b>								
Property Tax								
Sales & Use Tax								
Franchises								
Business Tax								
Interest Income			175					175
Hotel/motel Tax								
Vehicle License Fee								
Paramedics								
Intergovernmental Revenues	1,291	712		2,162		1,233		5,398
Charges for Services		144	60				36	240
Fines								
Other Revenues	20		700	201	200		2,852	3,973
<b>Total Revenues</b>	1,311	856	935	2,363	200	1,233	2,888	9,786
Operating Transfers In			243			50		293
<b>Total Available Resources</b>	1,444	860	3,587	4,259	1,274	2,345	15,940	29,709
<b>Expenditures</b>								
General Government								
Public Safety:								
Police						1,496		1,496
Fire								
Development & Environmental Services:								
Planning								
Building & Safety								
Engineering								
Community Preservation								
Environmental Services							3,045	3,045
Human Services	1,248	710	251	2,114				4,323
Maintenance and Recreation:								
Maintenance								
Recreation								
Neighborhoods				200	229			429
Non-departmental				150				150
Debt costs			519					519
<b>Total Expenditures</b>	1,248	710	770	2,464	229	1,496	3,045	9,962
Operating Transfers Out	34	16	482					532
<b>Total Use of Resources</b>	1,282	726	1,252	2,464	229	1,496	3,045	10,494
<b>Fund Balance - 6/30/03 (est.)</b>	\$162	\$134	\$2,335	\$1,795	\$1,045	\$849	\$12,895	\$19,215

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# Redevelopment Agency Funds

Redevelopment funds are used by the Fremont Redevelopment Agency for redevelopment and revitalization of the Centerville, Industrial, Irvington, and Niles Project Areas. Redevelopment funds come from property tax growth within the project areas, proceeds from redevelopment activities, and proceeds from issuance of debt. Funds are grouped by the following activities:

## ***Redevelopment General***

This fund is used for expenditures for administration and non-capital programs that are identified in the Project Area Plans and the Five-Year Implementation Plan.

## ***Redevelopment Debt Service***

This fund receives property tax increment revenues and accumulates monies necessary to service debt incurred for redevelopment projects. Funds not needed for debt service are transferred to the General and Capital Funds.

## ***Redevelopment Capital***

This fund is used for expenditures for capital projects. A significant portion of the capital funds are directed to construction of two major overcrossings of the I-880 freeway adjacent to the Industrial Project Area.

## ***Redevelopment Bond Proceeds***

This fund is used to reimburse qualifying capital project expenditures from the proceeds of bond sales.

## ***Affordable Housing***

In accordance with redevelopment law, this fund receives 20% of the property tax increment and is dedicated to increasing the availability of affordable housing for individuals and families with very low to moderate incomes.

## ***Appropriations and Projects***

Through the adoption of the Redevelopment Agency's operating budget, the Agency Board authorizes the annual operating expenditures plus the annual revenues, expenditures, and transfers at a fund level for all Redevelopment Agency fund groups. For most individual projects and programs, the Agency authorizes expenditures through "project-length" appropriations. The Agency Board may approve the appropriations for specific projects and programs through agenda items separate from the annual budget, or concurrently with the annual budget.

A number of appropriations for projects and programs are being authorized concurrently with the adoption of the Agency's annual budget. Those projects and programs with descriptions are displayed in the attachments to the Redevelopment Agency resolution adopting the annual budget.

A brief description of a few major Redevelopment Agency projects follows. Some of the appropriations for the following projects were authorized prior to this annual budget.

***Washington Township Veterans' Memorial Building*** – This is a grant to Alameda County to provide seismic, electrical, mechanical, and historical

rehabilitation of the 1930's County-owned veterans' building in Fremont in order to return the building to public use.

*Cost:* The total grant to the County is \$3.25 million

*Source of funds:* Redevelopment Agency

***I-880/Dixon Landing Road Interchange*** – This project involves major improvements to the I-880/Dixon Landing Road interchange, which will greatly increase traffic capacity. Completion of these improvements will enable the interchange to handle increased capacity to support development of the Industrial Redevelopment Project Area and surrounding area in a manner consistent with the General Plan.

*Cost:* The estimated cost of the project is \$66.5 million.

*Source of funds:* \$20.7 million is funded by the Redevelopment Agency. The City of Milpitas and the State Transportation Improvement Program (STIP) contribute the balance.

***I-880/Mission Boulevard/Rte 262/Warren Avenue Interchange*** – This project involves major improvements to the I-880/Mission Boulevard/Route 262/Warren Avenue interchange in conjunction with the widening of I-880. These improvements will greatly expand traffic capacity and enable improved access to support development of the Industrial Redevelopment Project Area.

*Cost:* This is a \$160 million project with over \$48 million currently forecasted to be paid by the City of Fremont and Fremont Redevelopment Agency.

*Source of funds:* City of Fremont traffic impact fees and Redevelopment Agency

***Centerville Grocery Store*** – This project provides for the acquisition and development of a six-acre parcel in the Centerville area of Fremont. The future development will include a grocery store and other retail uses. Currently the Agency is completing land acquisition, tenant relocation and developer negotiations.

*Cost:* \$9.1 million has been appropriated for this project. Additional appropriations will be necessary as the project proceeds. A portion of the project expenditures will be offset from the sale of land to a developer.

*Source of funds:* Redevelopment Agency

***Niles Central Area Design and Development*** – This project provides for the design and development of City and Agency land (formerly owned by Union Pacific Railroad) in the Niles area of Fremont to create a town center as described in the Niles Concept Plan. The project may include a public plaza, parking, mixed-use development and non-commuter passenger rail amenities. Currently a master plan is being developed for this and adjacent properties.

*Cost:* This project appropriation is \$135,000 and an additional appropriation of \$1.365 million is proposed for FY02/03.

*Source of funds:* Redevelopment Agency

***Commercial Rehabilitation Loan Program*** – This program provides loans to owners of commercial buildings in the Centerville, Irvington, and Niles Redevelopment Project Areas to improve the outward appearance of buildings and bring structures into compliance with building codes.

*Cost:* This program is forecasted to receive appropriations over the next five years of \$3.2 million.

*Source of funds:* Redevelopment Agency

***Housing – Increasing Supply (New Construction)*** – This program invests in the new development of affordable housing through land banking, pre-development loans, and construction lending. The Agency's existing loan to the non-profit housing developer Eden Housing for construction of 17 affordable homes on Adams Avenue in the Irvington district of Fremont is an example of the type of project that may be undertaken with this funding.

*Cost:* This program is forecasted to receive appropriations over the next five years of \$10 million.

*Source of funds:* Redevelopment Agency housing funds.

***Bridgeway Transitional Housing*** – The Tri-City Homeless Coalition (TCHC) owns an eight-unit apartment building that provides transitional housing in the Irvington area of Fremont. The Agency has approved a \$2.75 million loan to enable TCHC to purchase land and construct eighteen additional rental housing units.

*Cost:* The loan is \$2.75 million.

*Source of funds:* Redevelopment Agency housing funds



**Redevelopment Funds (RDA)**

(Thousands of Dollars)	General	Debt Service	Capital	Bond Proceeds	Affordable Housing	Total Redevelopment
<b>Fund Balance - 6/30/02 (est.)</b>	\$3,533	\$32,113	\$14,576	\$27,962	\$12,350	\$90,534
<b>Revenues</b>						
Property Tax		21,044			5,200	26,244
Sales & Use Tax						
Franchises						
Business Tax						
Interest Income	100	700	300	1,072	200	2,372
Transient Occupancy tax						
Motor Vehicle In Lieu						
Paramedics						
Intergovernmental Revenues						
Charges for Services						
Fines						
Other Revenues						
<b>Total Revenues</b>	100	21,744	300	1,072	5,400	28,616
Operating Transfers In	13,000		10,000			23,000
<b>Total Available Resources</b>	16,633	53,857	24,876	29,034	17,750	142,150
<b>Expenditures</b>						
General Government						
Public Safety:						
Police						
Fire						
Development and Environmental Services:						
Planning						
Building & Safety						
Engineering						
Community Preservation						
Environmental Services						
Human Services						
Maintenance and Recreation:						
Maintenance						
Recreation						
Neighborhoods	14,061		21,000	15,000	8,340	58,401
Non-departmental						
Debt costs		4,943				4,943
<b>Total Expenditures</b>	14,061	4,943	21,000	15,000	8,340	63,344
Operating Transfers Out		23,000				23,000
<b>Total Use of Resources</b>	14,061	27,943	21,000	15,000	8,340	86,344
<b>Fund Balance - 6/30/03 (est.)</b>	\$2,572	\$25,914	\$3,876	\$14,034	\$9,410	\$55,806

The projected change in Fund Balance in FY 2002/03 represents the use of bond proceeds for redevelopment projects and programs, including significant expenditures for the I-880/Route 262/Mission Boulevard interchange. The remaining fund balance is programmed over the balance of the RDA's five-year plan.

# Capital Funds

The Capital Improvement Program/Integrated Capital Assets Plan (CIP/ICAP) was adopted by the City Council on June 12, 2001, and includes appropriations for projects for FYs 2001/02 through 2003/04. These funds are included with the operating budget in summary so as to present a comprehensive picture of all the funds of the City, and to reflect fund transfers approved between other operating funds and capital funds. A complete guide to the capital projects may be found in the City's CIP/ICAP.

## **General Projects - Fund 501**

The General Projects fund of the City is unrestricted and can be used for any project designated by the City Council. This fund also accounts for funds expended on the City's Maintenance activities. The debt repayment on assets acquired with certificates of participation (COPs) is also shown as a cost in this fund.

## **Gas Tax Funds**

Revenue in this fund comes from State gas tax and other sources, like Measure B sales tax distribution, and is used for street maintenance and other traffic improvement projects.

## **Park Funds**

Funds in this group are restricted to acquisition, development, and/or rehabilitation of park land. The Parks and Recreation Chapter of the General Plan contains the City's policies, standards and guidelines for acquisition and development activities eligible for funding with park funds. The City Council has also adopted a Park Development Program. The FY 2001-06 Capital Improvement Program projects the use of the accumulated fund balance over the next few years. A large increase in appropriations is planned for FY 2003/04.

## **Traffic Impact Funds**

Traffic impact fees are collected from development projects for streets, overcrossings, and other infrastructure improvements necessary to meet the needs of new development. These funds are used for grade separations, traffic signal improvements, and other street improvements.

## **Restricted Capital Funds**

These funds are included by reference only; the amounts noted show the funds received from various grants that could be used for a specific capital project. All other projects in this group are either partially or fully funded by other funding sources not available for use other than as specified. Refer to the "restricted funds group" detail in the CIP/ICAP.

<b>Capital Improvement Funds</b>								
	Gen Fund Group	Vehicle	Gas	Park	Traffic	Restricted	Expenditure	
(Thousands of Dollars)	(including ICAP)	Replacement	Tax	Benefit	Impact	Group	Reclass*	Total Projects
<b>Fund Balance - 6/30/02 (est.)</b>	\$1,785	\$1,355	\$1,801	\$26,157	\$2,597	\$0	n.a	\$33,695
<b>Revenues</b>								
Property Tax								
Sales & Use Tax								
Franchises								
Business Tax								
Interest Income	350							350
Hotel/motel Tax								
Vehicle License Fee								
Paramedics								
Intergovernmental Revenues			7,906	2,803	2,503	3,562		16,774
Charges for Services	300	1,440					(1,440)	300
Fines								
Other Revenues								
<b>Total Revenues</b>	650	1,440	7,906	2,803	2,503	3,562	(1,440)	17,424
Operating Transfers In	32,484							32,484
<b>Total Available Resources</b>	34,919	2,795	9,707	28,960	5,100	3,562	(1,440)	83,603
<b>Expenditures</b>								
General Government								
Public Safety:								
Police								
Fire								
Development & Environmental Services:								
Planning								
Building & Safety								
Engineering			856					856
Community Preservation								
Environmental Services								
Human Services								
Maintenance and Recreation:								
Maintenance	22,981							22,981
Recreation								
Neighborhoods								
Non-departmental	5,945	868	8,125	8,828	3,000	3,562	(5,199)	25,129
Debt costs	5,578							5,578
<b>Total Expenditures</b>	34,504	868	8,981	8,828	3,000	3,562	(5,199)	54,544
Operating Transfers Out								
<b>Total Use of Resources</b>	34,504	868	8,981	8,828	3,000	3,562	(5,199)	54,544
<b>Fund Balance - 6/30/03 (est.)</b>	\$415	\$1,927	\$726	\$20,132	\$2,100	\$0	n.a	\$29,059

\*NOTE: A portion of Capital Improvement Funds' expenditures are being reclassified because costs for design, engineering, and other staff charges to capital projects are budgeted as part of the costs of projects and also included in departments' budgets. Total fund balance does not include available fund balances in restricted fund groups which are contained in the CIP/ICAP.

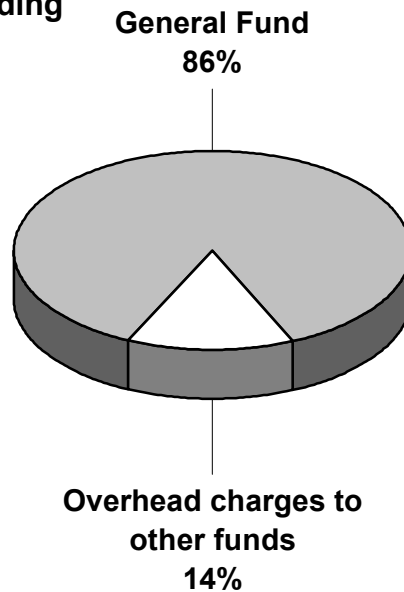
***Vision:** Fremont, in the year 2020, will be a globally connected economic center with community pride, strong neighborhoods, engaged citizens from all cultures, and a superb quality of life.*

## **Long-term Outcomes**

1. **Dynamic local economy:** A diverse, strong, and adaptable economy where businesses can be successful in the global economy and where residents and visitors can enjoy high-quality commercial amenities.
2. **An engaged and connected multicultural community:** Strong relationships among people of all cultures and backgrounds to foster democratic community leadership and commitment to a flourishing Fremont.
3. **Thriving neighborhoods:** Safe and distinctive commercial and residential areas where people know each other, are engaged in their community, and take pride in their neighborhoods. Make Fremont a great place to raise children.
4. **Live and work in Fremont:** A range of housing to match the variety of jobs in Fremont enabling people to live and work locally throughout their lives.
5. **Interesting places and things to do:** Places of interest throughout the community where people want to gather, socialize, recreate, shop, and dine.
6. **Effective transportation systems:** A variety of transportation networks that makes travel easy throughout Fremont.

**City Council Sources of Funding**

Fiscal 2002/03: \$231,962

**City Council Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 80,517	\$ 83,178	\$ 83,357	\$ 80,707	\$ 80,562	\$ 80,744
Operating Expenditures	107,729	134,931	150,275	110,974	145,059	145,059
Capital Expenditures	662	850	-	2,000	11,000	11,000
Indirect Expense Allocation	n/a	n/a	n/a	15,721	15,721	9,159
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	(14,000)
<b>TOTAL EXPENDITURES</b>	<b>\$ 188,908</b>	<b>\$ 218,959</b>	<b>\$ 233,632</b>	<b>\$ 209,402</b>	<b>\$ 252,342</b>	<b>\$ 231,962</b>

**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

**Major Budget Changes for FY 2002/03**

City Council salaries are set by Council ordinance (FMC Section 2-1103) and will be increasing effective November 5, 2002. This increase, totaling approximately \$17,000, will be included in the adopted budget. Once this adjustment is made, the FY 2002/03 budget will be still be less than the FY 2001/02 adjusted budget. This budget stability is made possible by a \$14,000 base budget reduction. For FY 2001/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for information systems, vehicle replacement, workers' compensation insurance, and general liability insurance.

***Mission:*** *To provide supportive leadership, creating an environment in which all employees, the City Council, and the community, working together, can use their abilities to the fullest extent to provide valued services to the community, giving shape and action to the City Council's policies and goals.*

## **Description of Responsibilities and Services**

The City Manager's Office is responsible for providing support and advice to the City Council, offering leadership and policy support for departments, fostering community partnerships and interagency collaboration, connecting citizens with their community, providing legislative policy support, and championing the organization's continuing transformation to a highly customer-focused, results-oriented, entrepreneurial team.

The City Manager's Office supports the City Council's efforts to engage in legislative advocacy on the local, state, and national levels to advocate the City's interests and increase the City's influence as a leader. Similarly, it leads efforts to publicize Fremont's innovative programs, services and best practices to enhance the City's visibility and role as a leading local government agency.

## **FY 2002/03 Service Objectives**

- Work with the City's partners to secure full funding for the BART to San Jose extension and guide the project through the environmental and planning processes.
- Seek out innovative ways to encourage the creation of a vibrant downtown area in Fremont's Central Business District.
- Explore options for increasing funding for the maintenance and construction of public safety facilities in continuing to ensure a safe community.
- Work with the City Council, the community, and City employees to implement the Strategic Plan to effectively communicate the vision and long term outcomes.
- Champion the City of Fremont as the "employer of choice" for hiring and retaining the best and the brightest talent in all capacities, and create ways to encourage talented people to select public service as a career.
- Provide leadership for the City's Leadership Academy, the purpose of which is to train current and future leaders of the City organization.
- Support and create opportunities for the City Council to play a leadership role at the regional, state, and national level on issues of importance to the community.
- Enhance interagency collaboration and build relationships with other public agencies to ensure efficient and effective service delivery to shared customers.

- Provide leadership for implementing the City's redevelopment goals, focusing on leveraging private investment and increasing the economic prosperity of the historic commercial areas.
- Provide leadership for the City's economic development program to strengthen the City's tax base and attract businesses desired by the community.
- Create opportunities for Fremont residents to learn about city government for the purpose of fostering public trust and broader participation in government.
- Publicize Fremont's innovative programs, services, and best practices to enhance the City's visibility and cement its role as a leading local government agency.

***Administrative Systems Office:***

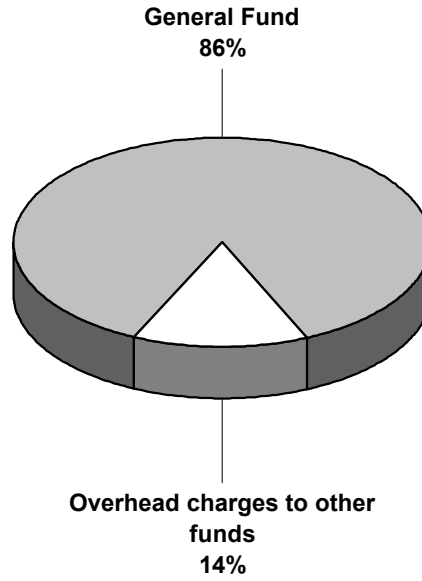
- Work with the administrative departments to develop strategic plans that have clear priorities and measurable outcomes.
- Work with the administrative departments to develop a customer feedback system that facilitates continuous improvement of administrative services.
- Complete the review and update of the City's administrative regulations to simplify the administrative framework and ensure its consistent application.
- Provide management and analytical support to the Human Resources Office as it makes organizational changes and strengthens its systems and procedures.

***Strategic Services Division:***

- Evaluate the siting of an energy center, make specific recommendations regarding future conservation efforts, and identify other ways the City may be able to mitigate the impact of future energy problems on Fremont's businesses and residents.
- Oversee the City's cable franchise transfer agreement to secure the City's franchise fee revenue stream and to ensure the City's businesses and residents have access to high-quality, high-speed broadband internet service.
- Develop and implement a plan for reviewing and evaluating the City's internal control structure on an ongoing basis to identify opportunities for strengthening and streamlining existing policies and procedures, and work with departments to implement the necessary changes.

### City Manager's Office Sources of Funding

Fiscal 2002/03: \$738,022



### City Manager's Office Expenditures

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 451,511	\$ 460,988	\$ 411,146	\$ 442,429	\$ 504,455	\$ 506,503
Operating Expenditures	283,402	127,783	161,250	195,360	192,354	157,722
Capital Expenditures	1,750	10,639	11,030	1,100	-	5,127
Indirect Expense Allocation	n/a	n/a	n/a	72,370	72,370	77,670
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	(9,000)
<b>TOTAL EXPENDITURES</b>	<b>\$ 736,663</b>	<b>\$ 599,410</b>	<b>\$ 583,426</b>	<b>\$ 711,259</b>	<b>\$ 769,179</b>	<b>\$ 738,022</b>

**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

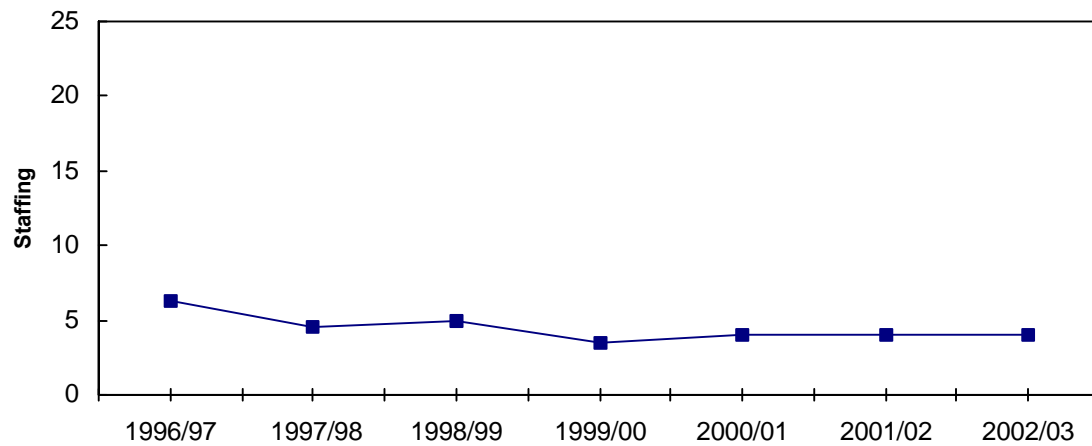
**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

### Major Budget Changes for FY 2002/03

Employee salaries and benefits are increasing as a result of negotiated bargaining unit agreements. However, the increase is offset by reduced funding for employee leave that reflects a required accounting change. The apparent decrease in operating expenditures is due to an encumbrance from FY 2000/01 that adjusted the FY 2001/02 budget upward. Other operating expenditures are increasing by 2.53% to keep pace with inflation. For FY 2001/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for administrative overhead, information systems, vehicle replacement, workers' compensation insurance, and general liability insurance. The total allocation contains a budget reduction component that reduces the total City Manager's Office budget appropriation (for all divisions) by \$9,000.



**City Manager Historical Authorized Staffing**

Staffing by Function  
Fiscal 2002/03

**City Manager's Office**

City Manager 1.0  
Intergovernmental Relations Manager 1.0  
Administrative Aide to the City Manager 1.0  
Support Specialist 1.0

**Administrative Systems Office Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 457,365	\$ 628,542	\$ 292,076	\$ 320,304	\$ 411,302	\$ 419,540
Operating Expenditures	69,764	91,696	38,680	108,090	106,902	-
Capital Expenditures	-	8,999	3,075	-	-	-
Indirect Expense Allocation	n/a	n/a	n/a	9,633	9,633	46,060
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 527,129</b>	<b>\$ 729,237</b>	<b>\$ 333,831</b>	<b>\$ 438,027</b>	<b>\$ 527,837</b>	<b>\$ 465,600</b>

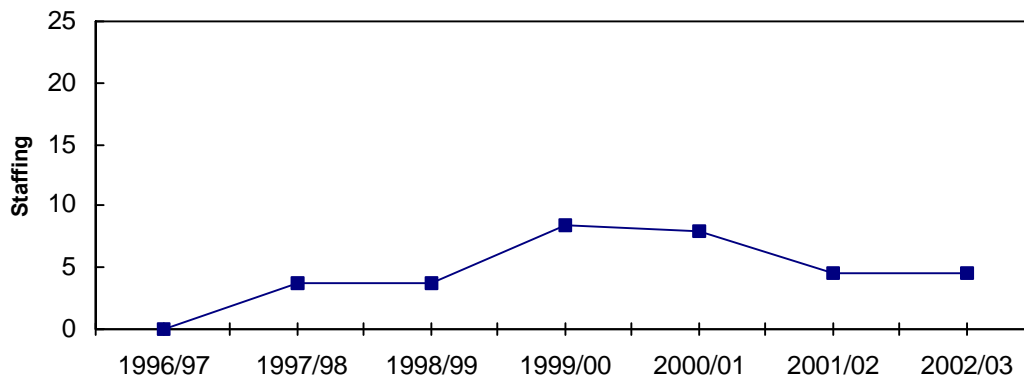
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**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

**Major Budget Changes for FY 2002/03**

Employee salaries and benefits are increasing as a result of negotiated bargaining unit agreements. However, the increase is offset by reduced funding for employee leave that reflects a required accounting change. The FY 2002/03 operating expenditures budget is reduced to zero for FY 2002/03, as FY 2001/02 operating expenditures were one-time in nature. For FY 2001/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for administrative overhead, information systems, vehicle replacement, workers' compensation insurance, and general liability insurance.

**Administrative Systems Office Historical Authorized Staffing**

Staffing by Function  
Fiscal 2002/03

**Administrative Systems Office**

Assistant City Manager/City Clerk .5  
Management Analyst II 3.0  
Support Specialist .5

**Strategic Services Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	n/a	n/a	\$ 1,002,713	\$ 687,323	\$ 840,585	\$ 780,529
Operating Expenditures	n/a	n/a	69,130	99,064	247,000	225,884
Capital Expenditures	n/a	n/a	-	-	-	-
Indirect Expense Allocation	n/a	n/a	n/a	18,642	18,642	76,923
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	-
<b>TOTAL EXPENDITURES</b>	<b>n/a</b>	<b>n/a</b>	<b>\$ 1,071,843</b>	<b>\$ 805,029</b>	<b>\$ 1,106,227</b>	<b>\$ 1,083,336</b>

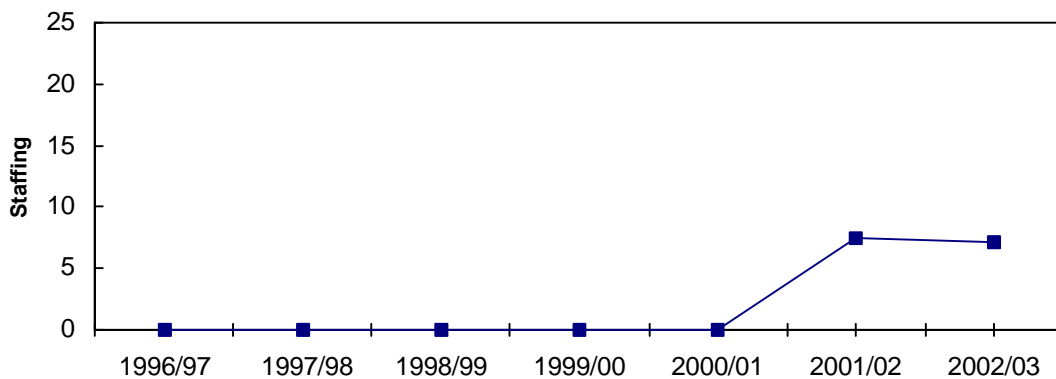
**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

**Major Budget Changes for FY 2002/03**

Employee salaries and benefits are increasing as a result of negotiated bargaining unit agreements. However, the total line item is decreasing because of reduced funding for employee leave that reflects a required accounting change. The decrease also reflects an arrangement by which funding for the Deputy City Manager position will be shared between Strategic Services and the Finance Department for FY 2002/03 because of the Deputy City Manager's dual role as Chief Financial Officer. The apparent decrease in operating expenditures is due to an encumbrance from FY 2000/01 that adjusted the FY 2001/02 budget upward. For FY 2001/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for information systems, vehicle replacement, workers' compensation insurance, and general liability insurance.

**Strategic Services Historical Authorized Staffing**

Staffing by Function  
Fiscal 2002/03

**Strategic Services****Strategic Services/Projects**

Deputy City Manager/Chief Financial Officer .60  
Senior Manager 2.0  
Management Analyst II 3.0  
Support Specialist 1.5

# Administrative Systems Group

***Mission:*** *To increase customer satisfaction by improving the processes, procedures, and systems that support the functions of city government.*

## **Description of Responsibilities and Services**

The Administrative Services Group (ASG) is comprised of the following City offices: City Manager, City Attorney, City Clerk, Human Resources, Financial Services, and Information Systems. The ASG provides systems, processes, and services that support the City Council and other internal government functions such as Police and Fire. Representatives from the ASG departments meet regularly to lead and guide the group toward a stronger customer focus and greater integration of the systems and processes that span departments. The ASG focuses on those processes that most affect the ability of City government to provide quality customer service and initiates its strategies and actions to enhance collaboration and improve those processes to ensure they are cost effective.



***Mission:*** To provide the City Council and staff with cost effective, innovative, customer-focused, high quality representation and legal advice.

## **Description of Responsibilities and Services**

The City Attorney's Office provides day-to-day legal services to the City, from defending lawsuits to acquiring property. Staff attorneys advise the City Council, commissions, boards, and staff on legal matters such as land use regulations, potential liability for City actions, and compliance with federal and state mandates. The office assists the City in negotiating complex agreements, including labor agreements, public/private partnerships, and redevelopment agreements. The office also manages the risk management program for all City departments.

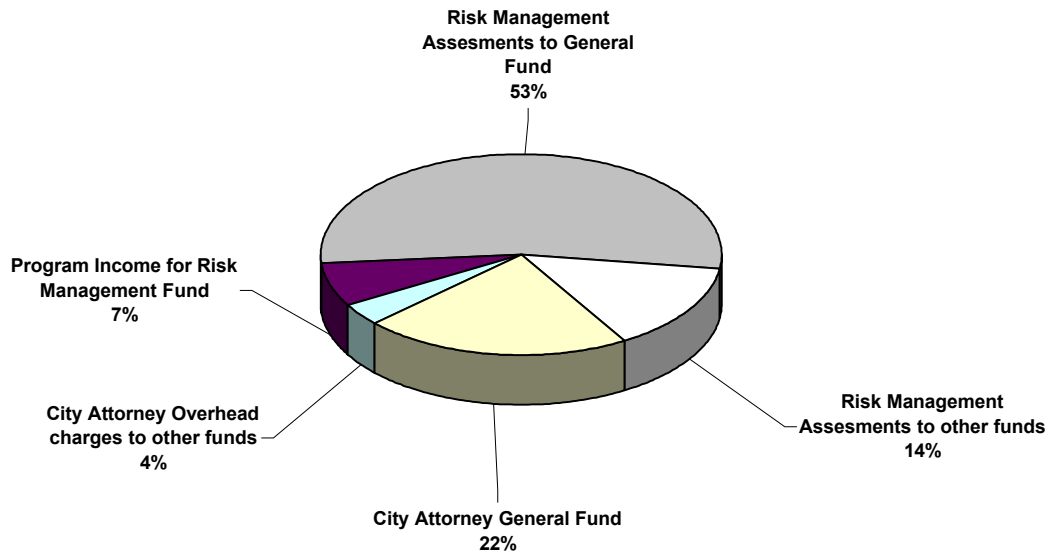
## **FY 2002/03 Service Objectives**

- Develop alternative dispute resolution and administrative discipline guidelines and programs for operating departments, along with appropriate training, to assist them in handling federal and state mandated regulations.
- Develop in-house litigation staff for Community Preservation, which will provide more economical and efficient legal support for code enforcement and neighborhood preservation efforts.
- Provide legal support for redevelopment of unified project sites in Centerville and Irvington and the former Union Pacific property in Niles.
- Provide legal support for economic development activities, including implementation of the Pacific Commons project and implementation of the Central Business District plan.
- In coordination with other relevant City departments, continue City policy documentation project, including updating and integrating the Municipal Code, resolutions, Administrative Regulations, and other City documents.
- Develop and implement citywide an integrated leave policy to ensure compliance with City regulations and federal and state laws.
- Implement reasonable accommodation policy, guidelines, and procedures to ensure compliance with federal and state disability laws.



### City Attorney/Risk Management Sources of Funding

Fiscal 2002/03: \$6,981,734



### City Attorney Expenditures

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 696,056	\$ 718,273	\$ 1,036,712	\$ 1,069,027	\$ 1,226,364	\$ 1,239,274
Operating Expenditures	282,844	808,097	513,780	333,913	331,444	458,441
Capital Expenditures	-	695	3,026	1,471	13,982	-
Indirect Expense Allocation	n/a	n/a	n/a	85,564	85,564	87,887
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 978,900</b>	<b>\$ 1,527,065</b>	<b>\$ 1,553,518</b>	<b>\$ 1,489,975</b>	<b>\$ 1,657,354</b>	<b>\$ 1,785,602</b>

**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

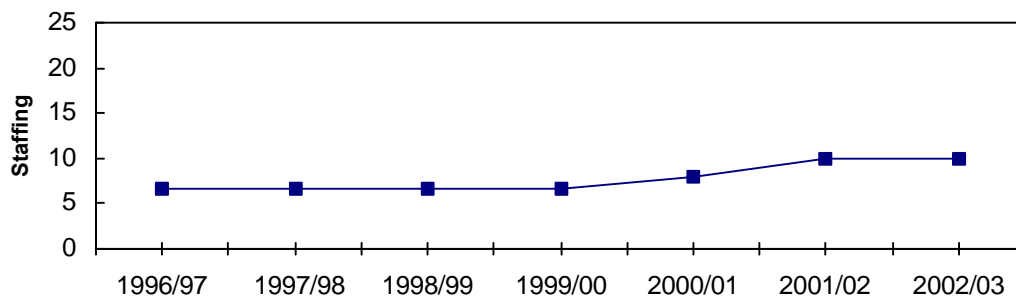
**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

### Major Budget Changes for FY 2002/03

Employee salaries and benefits are increasing as a result of negotiated bargaining unit agreements. However, the increase is offset by reduced funding for employee leave that reflects a required accounting change. The increase in operating expenditures is primarily due to a \$100,000 budget increase for contract legal costs. Other operating and capital expenditures are increasing by 2.53% to keep pace with inflation. For FY 2001/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for information systems, vehicle replacement, workers' compensation insurance, and general liability insurance.

### City Attorney Historical Authorized Staffing



**Risk Management Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 464,893	\$ 545,983	\$ 502,924	\$ 618,166	\$ 667,535	\$ 680,890
Operating Expenditures	3,185,729	4,654,971	3,802,705	2,697,582	4,144,709	4,582,211
Capital Expenditures	16,791	31,481	19,530	27,590	28,883	29,614
Indirect Expense Allocation	n/a	n/a	n/a	5,766	5,766	5,985
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	n/a
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,667,413</b>	<b>\$ 5,232,435</b>	<b>\$ 4,325,159</b>	<b>\$ 3,349,104</b>	<b>\$ 4,846,893</b>	<b>\$ 5,298,700</b>

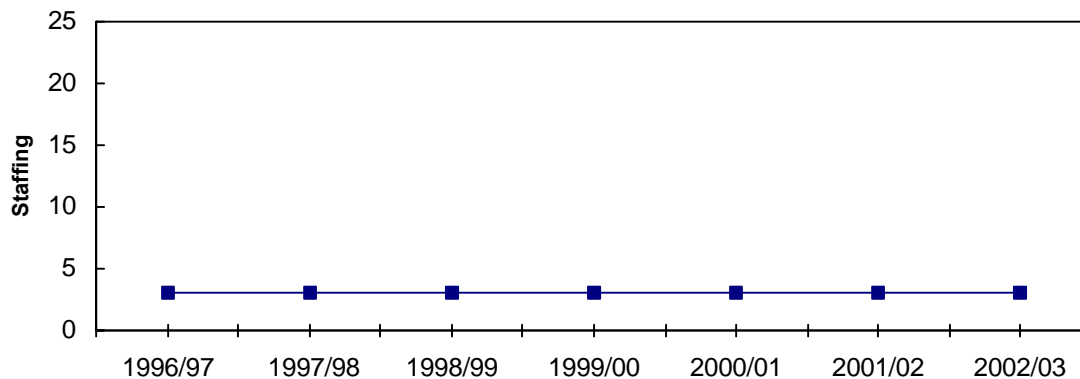
**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

**Major Budget Changes for FY 2002/03**

Employee salaries and benefits are increasing as a result of negotiated bargaining unit agreements. However, the increase is offset by reduced funding for employee leave that reflects a required accounting change. The increase in operating expenditures of nearly \$500,000 is almost entirely attributable to increasing insurance premiums. Recent legislation and a toughening insurance market are driving workers' compensation premium costs upward by more than \$200,000. General liability and property insurance also face potentially large increases, so budgets for these premiums are similarly increasing by approximately \$200,000. Other operating and capital expenditures are increasing by 2.53% to keep pace with inflation. For FY 2001/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for information systems, vehicle replacement, workers' compensation insurance, and general liability insurance.

**Risk Management Historical Authorized Staffing**

Staffing by Function  
Fiscal 2002/03

**City Attorney's Office**

City Attorney 1.0  
Assistant City Attorney 1.0  
Senior Deputy City Attorney II 1.0  
Senior Deputy City Attorney 3.0  
Legal Assistant 1.0  
Paralegal II 1.0  
Support Specialist 2.0

**Risk Management**

Risk Manager 1.0  
Risk Management Assistant 1.0  
Support Specialist 1.0

*Public Service Assistant 1.0\**

*\* Temporary, part-time*



# City Clerk

**Mission:** Ensure citizens' trust in government by providing open, accurate and timely legislative history and safeguarding all official records of the City; administering open and free elections; and, providing information and services to support the City Council, City departments and the public in a responsive and responsible manner.

## Description of Responsibilities and Services

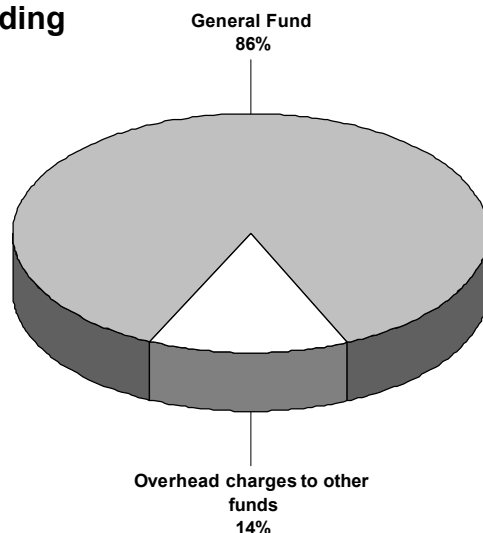
The Office of the City Clerk oversees the preparation and distribution of the City Council agenda and supporting reports; records the City Council's actions in official minutes; maintains a computerized legislative history; and is responsible for all official documents. The City Clerk is the elections officer for the City and is responsible for the administration of all general and special municipal elections. The City Clerk is the administrator and filing officer for the Fair Political Practices Commission and City of Fremont Conflict of Interest Regulations. The Office of the City Clerk provides the City organization with document production services, which includes graphic and text composition along with printing services. The Office is responsible for the distribution of mail to all City facilities.

## FY 2002/03 Service Objectives

- Complete a Citywide records management program for more effective storage, retrieval and preservation of records yielding cost savings through reduced labor and storage needs.
- Efficiently administer the 2002 General Election process, including offering early voting in the City Clerk's office.
- Improve electronic access by departments to information and services through development of a site on the City's intranet.

## City Clerk Sources of Funding

Fiscal 2002/03: \$1,635,047



**City Clerk Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 586,406	\$ 594,149	\$ 599,008	\$ 641,051	\$ 608,006	\$ 768,906
Operating Expenditures	668,670	689,910	807,624	661,979	712,286	825,984
Capital Expenditures	-	-	4,803	-	-	-
Indirect Expense Allocation	n/a	n/a	n/a	118,904	118,904	154,787
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	(11,000)
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,255,076</b>	<b>\$ 1,284,059</b>	<b>\$ 1,411,435</b>	<b>\$ 1,421,934</b>	<b>\$ 1,439,196</b>	<b>\$ 1,738,677</b>

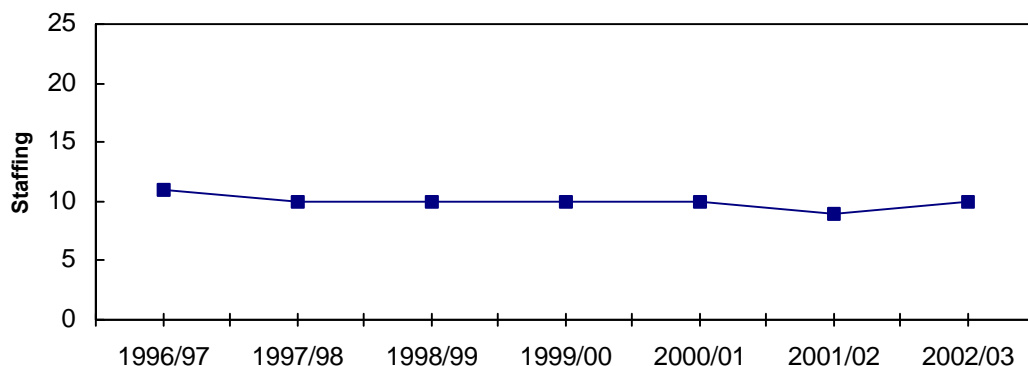
**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

**Major Budget Changes for FY 2002/03**

Employee salaries and benefits are increasing as a result of negotiated bargaining unit agreements. Salaries and benefits are also increasing because the City Clerk's budget is assuming a share of the budget for the Assistant City Manager/City Clerk position. This line item also contains an additional support specialist position created by consolidating two part-time positions. The increase in salaries and benefits is partially offset by reduced funding for employee leave that reflects a required accounting change. The increase in operating expenditures is due to approximately \$100,000 in one-time costs associated with administering the election scheduled for November 2002, and an increase of 2.53% for other operating expenditures to keep pace with inflation. For FY 2001/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for information systems, vehicle replacement, workers' compensation insurance, and general liability insurance. Finally, the total allocation contains a budget reduction component that reduces the total budget appropriation by \$11,000.

**City Clerk Historical Authorized Staffing**

Staffing by Function  
Fiscal 2002/03

**City Clerk**

Assistant City Manager/City Clerk .5  
Support Specialist 10.0  
Contract Provider/Reprographics  
*Public Service Assistant 1.0\**

*\*Temporary, part-time*





***Mission:*** To assist the Council, City Manager and operating departments in prudently managing financial resources through accurate information and high-quality business planning and financial services, including budgeting, debt management, accounting, purchasing, revenue management and payables.

## **Description of Responsibilities and Services**

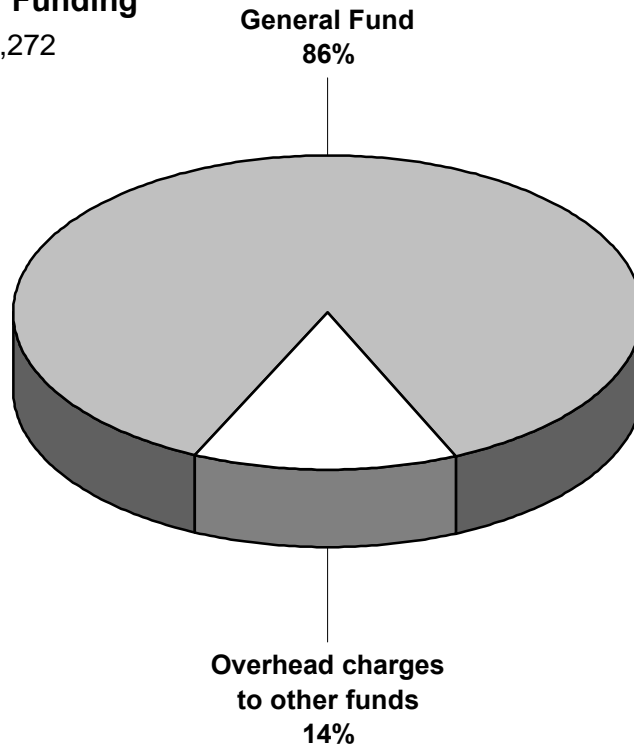
The Finance Department is responsible for providing quantitative financial information, policy analyses, and recommendations that help the City Council and all City departments make decisions about how to best allocate the resources available to the City. The Finance Department accounts for those resources and discloses the financial condition of the City and results of its operations in the year-end comprehensive annual financial report. The department also prepares the annual operating budget. Staff conducts analyses of cost center operations; assists departments in the development, evaluation and implementation of business plans; provides support on Citywide projects; and provides recommendations on any proposals with a financial impact. Citywide administrative responsibility for accounts payable and purchasing is located in the Finance Department, along with the City's investment and banking functions, cashiering, and the collection of business and hotel/motel taxes, and other revenues.

## **FY 2002/03 Service Objectives**

- Implement the new mandated financial reporting model, Governmental Accounting Standards Board (GASB) Statement 34, including establishing systems to track and report the value of City-owned infrastructure.
- Revise the City's Purchasing Ordinance to update City departments' purchasing authority and to clarify purchasing policies for staff.
- Implement cost allocation processes that will improve understanding and management of service costs by City departments.
- Provide financial management support to Citywide efforts including redevelopment and economic development initiatives.
- Create a proposal and schedule for a two-year operating budget process for the 2003-2005 fiscal period to allow for improved resource planning and better coordination with the capital budgeting process.
- Implement expenditure control budget process and policy improvements as identified in last year's evaluation of the budgeting system.

**Finance Sources of Funding**

Fiscal 2002/03: \$3,156,272

**Finance Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 1,922,256	\$ 1,986,240	\$ 1,577,260	\$ 2,192,339	\$ 2,341,146	\$ 2,564,823
Operating Expenditures	849,093	533,394	599,643	575,680	545,076	502,348
Capital Expenditures	9,450	29,783	5,231	14,869	20,704	10,614
Indirect Expense Allocation	n/a	n/a	n/a	191,799	191,799	191,487
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	(113,000)
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,780,799</b>	<b>\$ 2,549,417</b>	<b>\$ 2,182,134</b>	<b>\$ 2,974,687</b>	<b>\$ 3,098,725</b>	<b>\$ 3,156,272</b>

**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adopted budget, please see page 81 of this document.

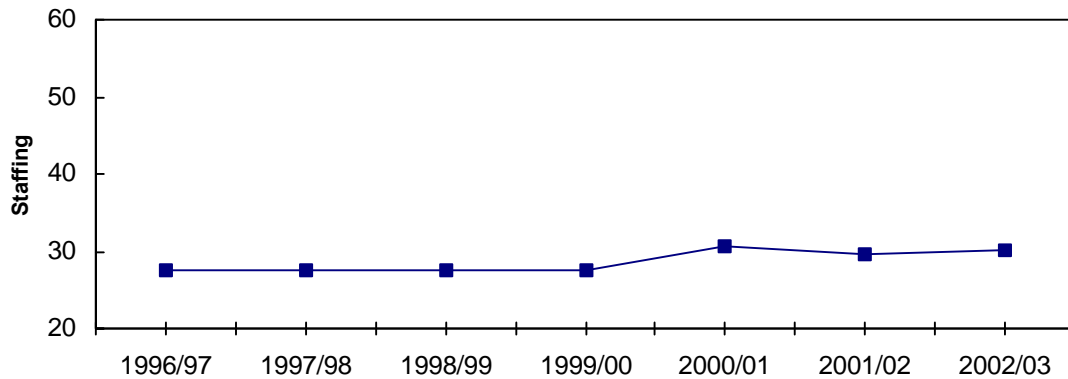
**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

### Major Budget Changes for FY 2002/03

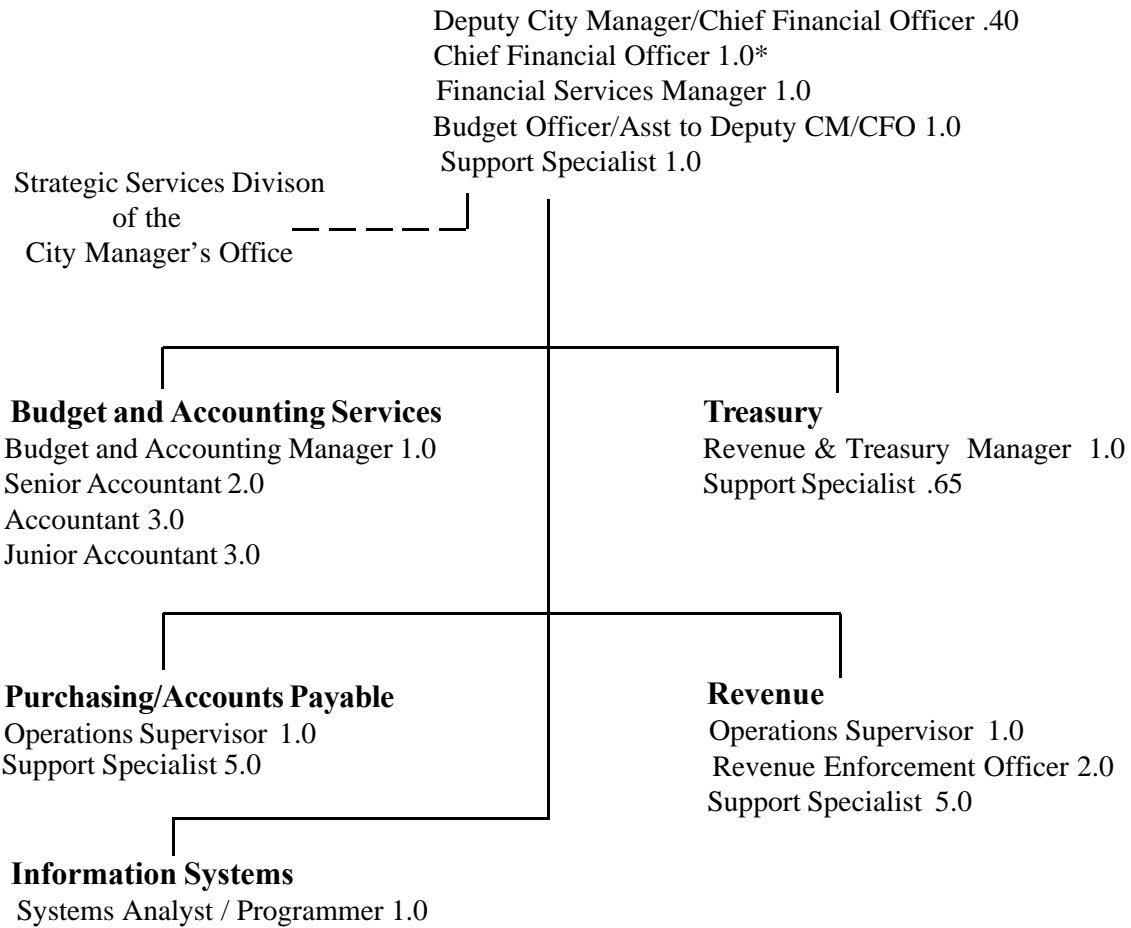
Employee salaries and benefits are increasing as a result of negotiated bargaining unit agreements. Because changes in the Expenditure Control Budgeting system (ECB) have reduced departmental capacity to fund ongoing expenditure items, the department requires funding for an Accountant position, previously intended to be funded through budget savings, to maintain current service levels. The budget also reflects shared funding for the Deputy City Manager, who is expected to also fill the role of Chief Financial Officer throughout FY 2002/03. The increases in the salaries and benefits line item are offset by reduced funding for employee leave that reflects a required accounting change. The apparent decrease in operating expenditures is due to an encumbrance of \$60,000 from FY 2000/01 that adjusted the FY 2001/02 budget upward. Other operating expenditures are increasing by 2.53% to keep pace with inflation. For FY 2001/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for information systems, vehicle replacement, workers' compensation insurance, and general liability insurance. Finally, the total allocation contains a budget reduction component that reduces the budget appropriation by \$113,000.

### Finance Historical Authorized Staffing



Staffing by Function  
Fiscal 2002/03

**Finance**



*\*Provisionally authorized but intended to remain vacant*

***Mission:*** *The Office of Information Systems maintains and enhances the technology of the organization to provide employees and the public with access to information, including installation, training, and support of computer, telephone, and other communications systems.*

## **Description of Responsibilities and Services**

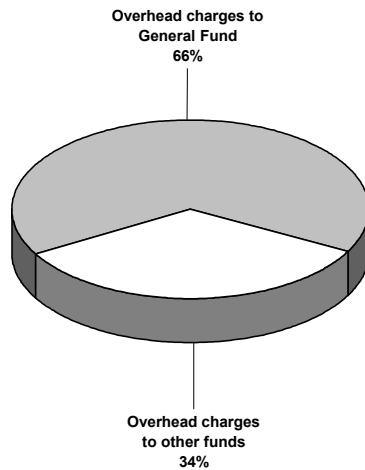
Information Systems has responsibility for computer, telephone, and data communication services to support the operations of the City organization. Information Systems coordinates the implementation of technology to ensure individual projects and systems fulfill the missions of departments and integrate wherever possible with the City organization. Information Systems staff also advises departments on computer and communication needs, and provides employee computer training and support on technology projects.

## **FY 2002/03 Service Objectives**

- Complete installation of upgraded major public safety systems that will improve the technology and effectiveness of dispatch services and records systems in the Police and Fire Departments.
- Improve the comprehensive business system used by counseling and case management services provided by various programs of the Human Services Department.
- Expand the Geographic Information Systems services by providing new mapping and analysis products to the City organization and community at large that will support community outreach, community and economic development, public safety, and disaster management programs.
- Upgrade the human resource/payroll software to a newer, web-based version for faster operations and effective use by all City departments.
- Convert existing network file and print services to new-generation systems to provide more robust, user-friendly services.
- Expand automation of records-keeping processes using a document management system to enable standardized storage practices and more convenient document retrieval.

### Information Systems Sources of Funding

Fiscal 2002/03: \$4,823,213



### Information Systems Expenditures

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 734,804	\$ 1,068,433	\$ 1,680,454	\$ 1,774,164	\$ 1,529,767	\$ 1,913,100
Operating Expenditures	105,642	100,056	556,609	845,697	1,280,741	1,207,091
Capital Expenditures	-	3,875	15,745	574,741	1,091,976	1,091,976
Indirect Expense Allocation	n/a	n/a	n/a	581,117	581,117	611,046
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	n/a
<b>TOTAL EXPENDITURES</b>	<b>\$ 840,446</b>	<b>\$ 1,172,364</b>	<b>\$ 2,252,808</b>	<b>\$ 3,775,719</b>	<b>\$ 4,483,601</b>	<b>\$ 4,823,213</b>

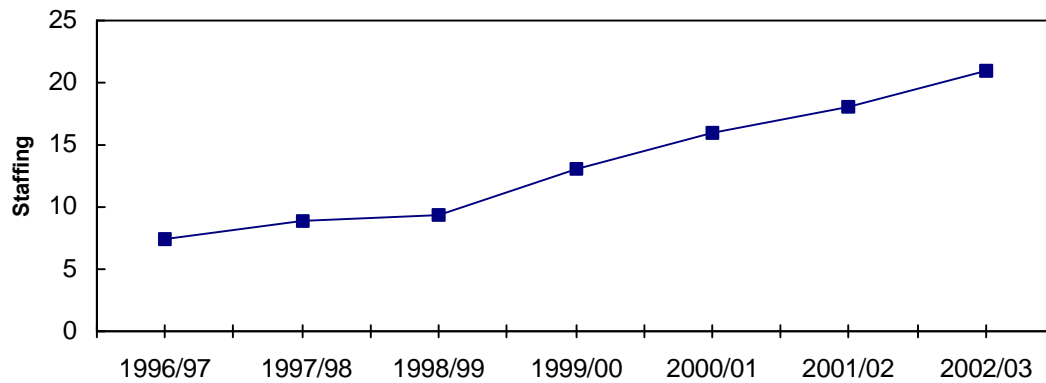
**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

### Major Budget Changes for FY 2002/03

In FY 2001/02, the Information Systems departmental budget changed from a General Fund department to an Internal Service Fund. The change has no implications for departmental operations or expenditure levels. Employee salaries and benefits are increasing as a result of negotiated bargaining unit agreements. Most of the increase is attributable to the addition of a Network Administrator and a Computer Specialist which will be funded through charges for service to City departments. The apparent decrease in operating expenditures is due to an encumbrance from FY 2000/01 that adjusted the FY 2001/02 budget upward. Other operating expenditures are increasing by 2.53% to keep pace with inflation. For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for information systems, vehicle replacement, workers' compensation insurance, and general liability insurance. The table above does not show a base budget reduction amount. However, the same effect is achieved through an \$85,000 reduction in the transfer from the General Fund.

**Information Systems Historical Authorized Staffing**
**Staffing by Function**  
 Fiscal 2002/03
**Information Systems**

Chief Technology Officer 1.0  
 Management Analyst II 1.0  
 Computer Specialist .9  
 Support Specialist .9

**Business Systems**

Senior Programmer Analyst 1.0  
 Systems Analyst/Programmer 5.0

**Phone & Voicemail Support**

Data Processing/Telecom. Tech. 1.0  
 Support Specialist .1

**Personal Computer & Network Support**

Computer Network Administrator 2.0  
 Computer Specialist 3.1  
 Systems Application Spec. III 1.0

**Geographic Information**

Senior Programmer Analyst 1.0  
 Computer Specialist 1.0  
 Systems Application Spec. III 2.0





***Mission:*** To support the City organization in developing quality services responsive to our diverse community by encouraging and developing individual and organizational capacity, promoting a caring and learning work environment, and attracting and retaining a highly qualified and innovative workforce committed to public service.

## **Description of Responsibilities and Services**

Human Resources is responsible for providing specialized assistance to other City departments in their leadership and management of the City. In order to accomplish this objective, services are provided in the following functional areas: labor and employee relations, including the development and administration of Memoranda of Understanding with bargaining units; employee and organization development; staff selection and compensation; work force diversification; payroll; benefits and retirement.

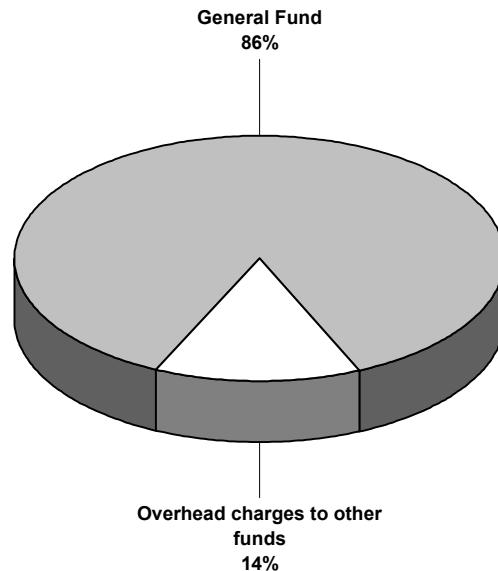
## **FY 2002/03 Service Objectives**

- Develop on-line access to recruitment information for job applicants and hiring managers to incorporate the expanded use of technology, and enhance the City's recruitment efforts in a tight labor market.
- Develop and implement strategies that will enhance the diversity of the City's applicant pool which includes increased outreach with community organizations and new ways of encouraging people to consider employment with the City of Fremont.
- Train hiring managers on recruitment practices that will improve the quality of the applicant pool, increase the efficiency of the hiring process, and strengthen the use of existing staff as recruitment ambassadors.
- Promote positive employee relations by providing supervisors and managers with revised personnel policies and offering training sessions on employee relations topics.
- Negotiate mutually satisfactory memoranda of understanding with the Fremont Association of City Employees (FACE), Teamsters, and Operating Engineers Local No. 3.
- Promote a positive and stable labor relations environment by maintaining regular communications with the City's bargaining units through monthly joint labor-management committee meetings and other means.
- Complete conversion of training records from manual to electronic media, which will facilitate enrolling staff in training workshops, enhance communication between the participants and the instructors, and improve record-keeping.
- Upgrade the human resources/payroll system to improve system effectiveness and allow access to employees to view their own benefit and payroll records.

- Ensure that the City meets legal requirements for record keeping by automating and integrating computer payroll and benefit records into the human resources/payroll system.

### Human Resources Sources of Funding

Fiscal 2002/03 \$2,028,990



### Human Resources Expenditures

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 913,242	\$ 1,102,073	\$ 1,259,956	\$ 1,448,115	\$ 1,569,092	\$ 1,679,384
Operating Expenditures	316,441	442,945	363,544	301,349	279,897	281,780
Capital Expenditures	1,301	-	21,989	24,947	13,862	-
Indirect Expense Allocation	n/a	n/a	n/a	97,472	97,472	104,826
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	(37,000)
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,230,984</b>	<b>\$ 1,545,018</b>	<b>\$ 1,645,489</b>	<b>\$ 1,871,883</b>	<b>\$ 1,960,323</b>	<b>\$ 2,028,990</b>

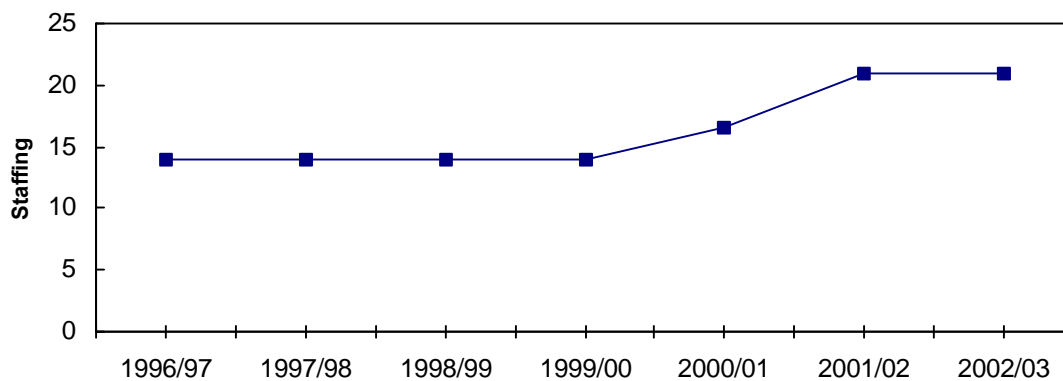
**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

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**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

**Major Budget Changes for FY 2002/03**

Employee salaries and benefits are increasing as a result of negotiated bargaining unit agreements. Increases in salaries and benefits are offset by reduced funding for employee leave that reflects a required accounting change. Operating expenditures are increasing to reflect the inclusion of information systems costs that were displayed differently in previous years. Other operating expenditures are increasing by 2.53% to keep pace with inflation. For FY 2001/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for information systems, vehicle replacement, workers' compensation insurance, and general liability insurance. The total allocation contains a budget reduction component that reduces the total department appropriation by \$37,000.

**Human Resources Historical Authorized Staffing**

Staffing by Function  
Fiscal 2002/03

**Human Resources**

**Administration**

Human Resources Director 1.0

Deputy Director/ Employment Program Mgr. 1.0

Human Resources Analyst 1.0

Senior Secretary 1.0

Support Specialist 1.0

**Training**

Management Analyst II 1.0

Typist Clerk II .50

**Recruitment**

Support Specialist 4.0

**Labor Relations**

Labor Relations Officer 2.0

Typist Clerk II .50

**Payroll/Benefits**

Payroll/Benefits Manager 1.0

Support Specialist 7.0

# Community Services Team

***Mission:*** Through interdepartmental teamwork and a strategic focus, provide leadership to foster delivery of integrated and seamless community services.

## **Description of Responsibilities and Services**

The Community Services Team provides leadership to the Community Services group of departments that furnish City services to Fremont residents. Comprised of executive managers from the City Manager's Office, Office of Neighborhoods, Development and Environmental Services, Fire, Human Services, Maintenance and Recreation Services, and Police, the Community Services Team meets on a regular basis to address community issues from an interdepartmental perspective and formulate strategies for delivering seamless services to the community. In order to effectively integrate services provided by the Community Services departments, the team identifies customers and their needs and develops specific projects and action plans addressing those needs. The Community Services Team works on creating a shared vision of community building and fostering collaborations between City departments.



# Development & Environmental Services

***Mission:*** To work in partnership with the community, business and industry to develop and preserve a quality environment.

## Description of Responsibilities and Services

Development and Environmental Services provides community planning, engineering, code enforcement, building permit and inspection, and environmental services. Using the City's General Plan, zoning, and subdivision ordinances, the department acts as the steward of the community by assisting the public through mandated development project reviews, the subdivision of land, and related public improvement plans. To safeguard life, health, property, and the public welfare, the department is also responsible for ensuring that buildings and public improvements are designed and constructed according to established standards and governing regulations. Enhanced traffic flow and a safe street system are managed through traffic studies, street improvements, and effective traffic signal coordination. The City's capital assets, such as streets, parks, and public buildings, are designed and constructed under the department's auspices. Environmentally sound and cost effective methods for the disposal of garbage, recovery of recyclables, waste prevention, and the flow of clean water into our streams and the Bay are also programmed in the department.

## FY 2002/03 Service Objectives

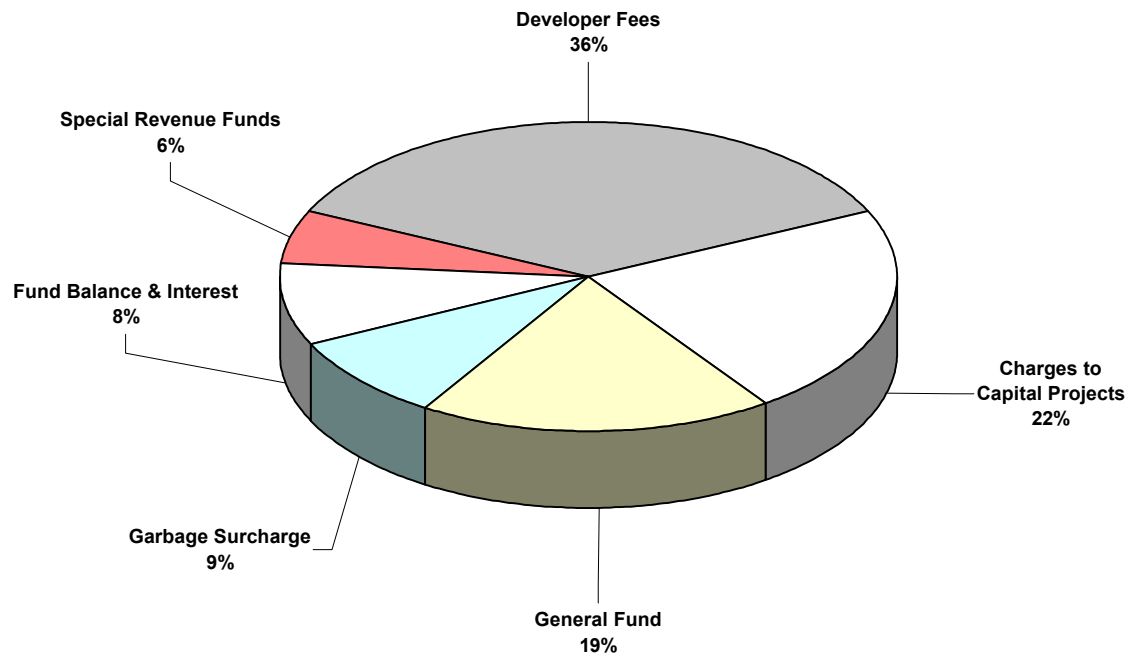
- Ensure that as part of any Patterson Ranch/Ardenwood 2000 development project, a plan is created to establish a stronger commercial and community center for the Ardenwood area.
- Evaluate vacant and underutilized land throughout Fremont to identify sites appropriate for additional moderate and higher density development to meet housing needs as identified in the Housing Element.
- In cooperation with BART, undertake station area planning at the Irvington and Warm Springs BART Stations to ensure appropriate land use regulations that encourage transit-oriented development at and around these new stations.
- Develop new standard details for public streets to encourage a pedestrian friendly streetscape in the City's historic commercial districts and the Central Business District.
- Establish a new School Safety Committee to foster communications and provide an effective problem-solving venue between the Fremont Unified School District and the City on traffic safety issues.
- Enhance the City's permitting software capabilities to enable the processing and issuance of online permit applications through the City's website.
- In partnership with the Office of Neighborhoods, develop a concentrated community outreach program to enhance property appearance in redevelopment, commercial, and residential neighborhoods.



- Implement a program to preserve the multi-family housing stock in the City using tenant outreach, referrals, and apartment manager training.
- Implement a program that will enable development applicants to submit project plans in an electronic format to streamline the review and permit issuance process.
- Implement a residential area storm water inspection and outreach program to reduce the number of illicit discharges and improve water quality.
- Expand the City's recycling services to include food waste diversion in order to conserve natural resources and reduce the amount of waste disposed of in the landfill.
- Develop an implementation program for the new storm water permit requirements to streamline regulations and ensure reasonable compliance mechanisms.

### Development & Environmental Services Sources of Funding

Fiscal 2002/03: \$19,257,198



**Planning Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 1,778,943	\$ 1,958,250	\$ 1,972,893	\$ 2,047,130	\$ 2,351,278	\$ 2,256,139
Operating Expenditures	181,315	415,603	605,633	107,720	231,752	199,800
Capital Expenditures	42,897	17,229	39,924	31,407	56,897	25,000
Indirect Expense Allocation	n/a	n/a	n/a	603,135	651,436	614,131
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	n/a
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,003,155</b>	<b>\$ 2,391,082</b>	<b>\$ 2,618,450</b>	<b>\$ 2,789,392</b>	<b>\$ 3,291,363</b>	<b>\$ 3,095,070</b>

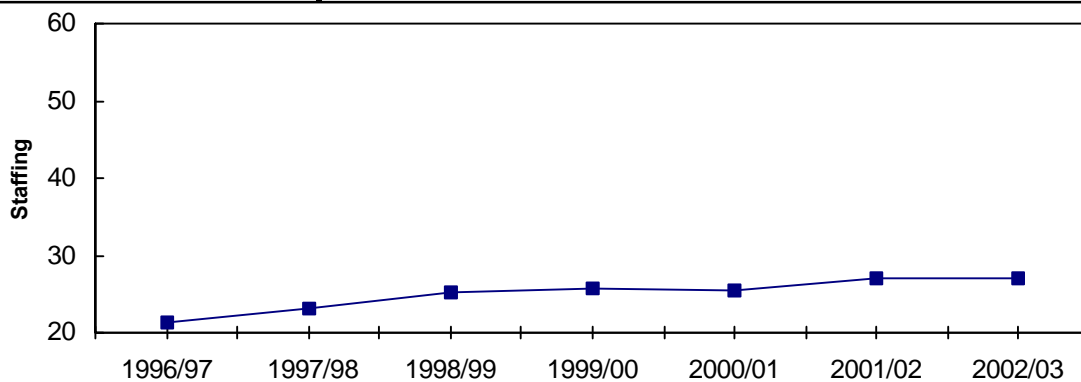
**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

**Major Budget Changes for FY 2002/03**

Salaries and benefits costs are increasing as a result of negotiated bargaining unit agreements. Unlike General Fund departments, the budget for the Development Cost Center is directly dependent upon revenues generated by development activity. In response to the slowdown in development activity, the department will hold specific positions vacant until revenues recover. Therefore, the budget for salaries and benefits is decreasing. The apparent decrease in operating expenditures is due to an encumbrance from FY 2000/01 that adjusted the FY 2001/02 budget upward. For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for administrative overhead, information systems, vehicle replacement, workers' compensation insurance, and general liability insurance. While not noted in the table because of the nature of the cost center's funding, the budget contains a share of the \$63,000 reduction in the General Fund contribution to the DES cost center, which is similar in scale to other budget reductions.

**Planning Historical Authorized Staffing**

**Building & Safety Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 2,847,708	\$ 2,920,192	\$ 3,433,674	\$ 3,358,015	\$ 4,116,239	\$ 3,819,193
Operating Expenditures	233,525	223,891	958,271	116,384	236,702	227,705
Capital Expenditures	59,188	37,352	146,968	34,287	186,563	184,500
Indirect Expense Allocation	n/a	n/a	n/a	897,798	1,027,586	965,472
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	n/a
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,140,421</b>	<b>\$ 3,181,435</b>	<b>\$ 4,538,913</b>	<b>\$ 4,406,484</b>	<b>\$ 5,567,090</b>	<b>\$ 5,196,870</b>

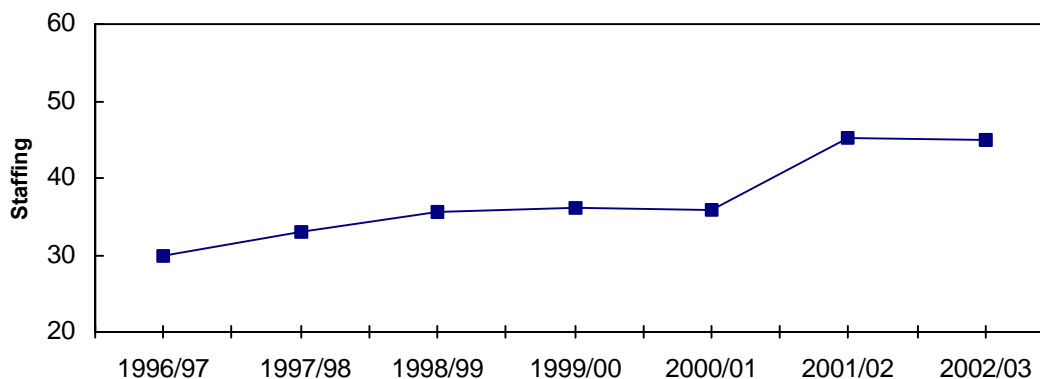
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**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

**Major Budget Changes for FY 2002/03**

Salaries and benefits costs are increasing as a result of negotiated bargaining unit agreements. Unlike General Fund activities, the budget for Building and Safety is directly dependent upon revenues generated by construction activity. In response to the slowdown in the construction market, the department will hold specific positions vacant until revenues recover. Therefore, the budget for salaries and benefits is decreasing. For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for administrative overhead, information systems, vehicle replacement, workers' compensation insurance, and general liability insurance.

**Building & Safety Historical Authorized Staffing**

**Community Preservation Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adopted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 373,350	\$ 420,368	\$ 446,174	\$ 455,084	\$ 588,757	\$ 637,808
Operating Expenditures	30,758	45,674	98,444	22,475	22,314	21,828
Capital Expenditures	-	12,857	-	-	-	-
Indirect Expense Allocation	n/a	n/a	n/a	99,180	99,180	77,985
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 404,108</b>	<b>\$ 478,899</b>	<b>\$ 544,618</b>	<b>\$ 576,739</b>	<b>\$ 710,251</b>	<b>\$ 737,621</b>

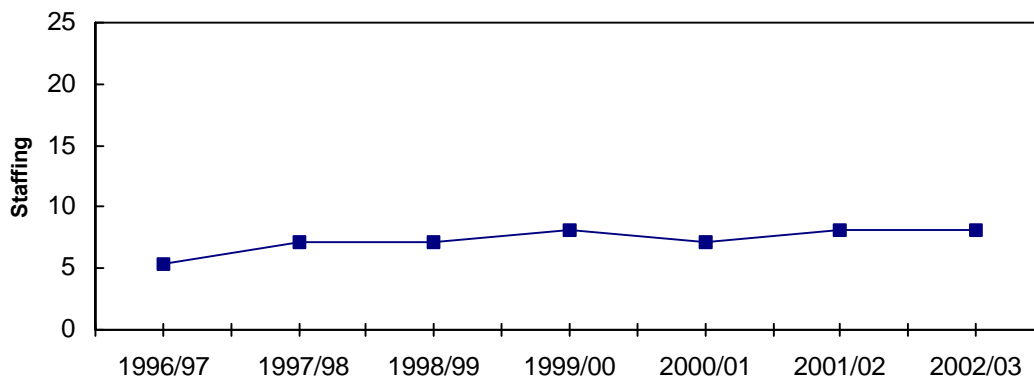
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**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

**Major Budget Changes for FY 2002/03**

Salaries and benefits costs are increasing as a result of negotiated bargaining unit agreements. For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for information systems, vehicle replacement, workers' compensation insurance, and general liability insurance.

**Community Preservation Historical Authorized Staffing**

**Engineering Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 3,370,436	\$ 3,726,017	\$ 4,482,841	\$ 4,937,061	\$ 5,381,127	\$ 5,435,795
Operating Expenditures	938,289	942,054	1,219,483	173,156	318,970	284,100
Capital Expenditures	82,660	76,457	43,555	55,684	209,551	181,000
Indirect Expense Allocation	n/a	n/a	n/a	1,118,120	1,209,697	1,282,116
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	n/a
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,391,385</b>	<b>\$ 4,744,528</b>	<b>\$ 5,745,879</b>	<b>\$ 6,284,021</b>	<b>\$ 7,119,345</b>	<b>\$ 7,183,011</b>

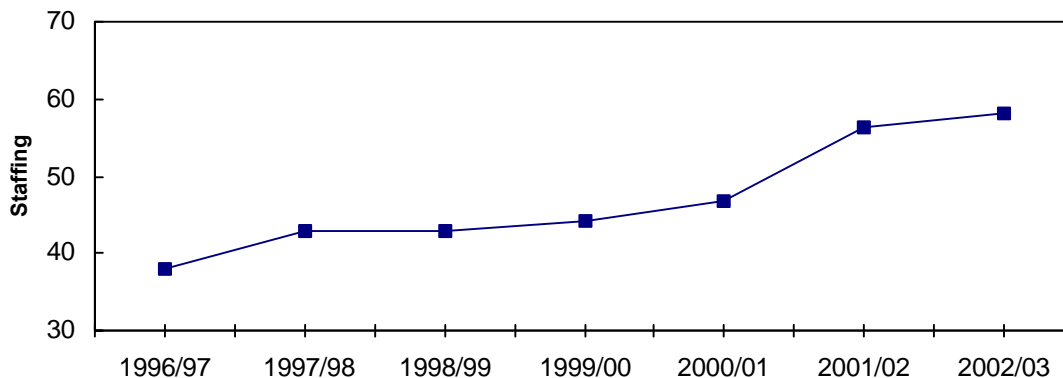
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**Major Budget Changes for FY 2002/03**

Salaries and benefits costs are increasing as a result of negotiated bargaining unit agreements. The apparent decrease in operating expenditures operating expenditures is due to an encumbrance from FY 2000/01 that adjusted the FY 2001/02 budget upward. For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for administrative overhead, information systems, vehicle replacement, workers' compensation insurance, and general liability insurance. While not noted in the table because of the nature of the cost center's revenue structure, the budget contains a share of the \$63,000 reduction in the General Fund contribution to the DES cost center, which is similar in scale to other department budget reductions.

**Engineering Historical Authorized Staffing**

**Environmental Services Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 552,112	\$ 618,623	\$ 552,587	\$ 602,642	\$ 886,009	\$ 709,149
Operating Expenditures	1,170,711	1,219,025	1,193,785	1,024,684	1,920,411	1,655,745
Capital Expenditures	10,005	43,525	12,985	3,613	45,112	38,812
Indirect Expense Allocation	n/a	n/a	n/a	268,286	521,465	640,920
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	n/a
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,732,828</b>	<b>\$ 1,881,173</b>	<b>\$ 1,759,357</b>	<b>\$ 1,899,225</b>	<b>\$ 3,372,997</b>	<b>\$ 3,044,626</b>

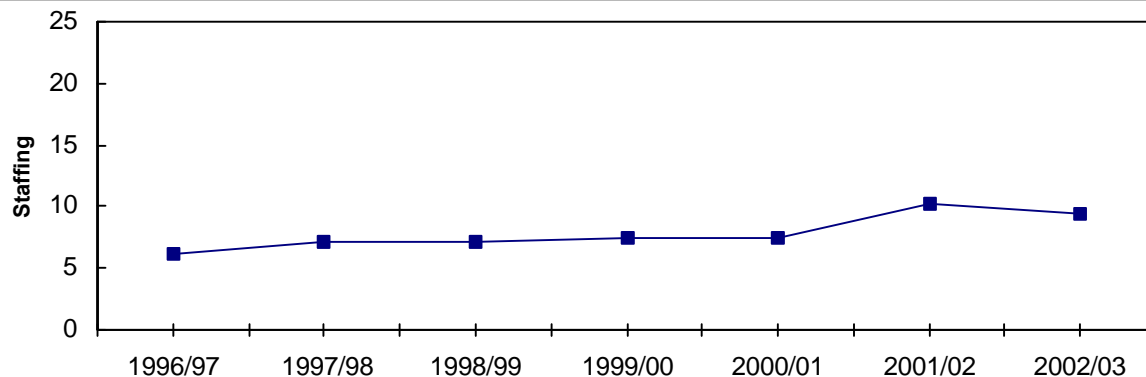
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**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

**Major Budget Changes for FY 2002/03**

Salaries and benefits costs are increasing as a result of negotiated bargaining unit agreements. However, the total line item is decreasing due to the elimination of a Senior Civil Engineer position. For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for administrative overhead, information systems, vehicle replacement, workers' compensation insurance, and general liability insurance.

**Environmental Services Historical Authorized Staffing**

Staffing by Function  
Fiscal 2002/03

**Development and Environmental Services**

**Building & Safety**

Assistant City Manager .2  
Deputy Director .25  
Management Analyst I 1.3  
Management Analyst II .1  
Management Analyst III .3  
Building & Safety Manager .9  
Building Inspector 10.0  
Building Inspector Specialist 9.0  
Dev. Services Supervisor 1.0  
Plan Check Engineer 8.0  
Plans & Permits Manager 1.0  
Senior Structural  
Plan Check Engineer 1.0  
Supervising Building Inspector 3.0  
Support Specialist 9.0

**Community Preservation**

Building & Safety Manager .1  
Community Preservation  
Manager 1.0  
Code Enforcement Officer II 5.0\*  
Support Specialist 1.0  
Senior Code Enforcement  
Officer 1.0

**Engineering**

Assistant City Manager .2  
Deputy Director .25  
Management Analyst I .35  
Management Analyst II .4  
Management Analyst III .3  
Assistant City Engineer 1.0  
Assistant Civil Engineer 3.0  
Assistant Landscape  
Architect 2.0  
Assistant Transportation  
Engineer 2.0  
Associate Civil Engineer 7.5  
Associate Landscape  
Architect 2.0  
Associate Transportation  
Engineer 4.0  
Chief of Party 1.0  
City Engineer 1.0  
Construction Inspector 1.0  
Construction Materials Insp. 1.0  
Engineering Technician II 1.0  
Junior Civil Engineer 2.0  
Junior Transportation Engineer 3.0  
Real Property Agent 1.0  
Real Property Manager 1.0  
Senior Civil Engineer 3.0  
Senior Construction Insp. 5.0  
Senior Engineering Spec. 3.0  
Senior Transportation Engineer 2.0  
Supervising Construction  
Coordinator 2.0  
Survey Instrument Operator 1.0  
Traffic and Transportation Mgr 1.0  
Support Specialist 6.0

**Environmental Services**

Assistant City Manager .1  
Deputy Director .2  
Environmental Services Mgr. 1.0  
Management Analyst I .05  
Management Analyst II 1.1  
Management Analyst III .1  
Engineering Specialist 1.0  
Waste Reduction & Recycling  
Coordinator 1.0  
Support Specialist 1.0  
Environmental Specialist I 1.0  
Environmental Specialist II 2.0  
Urban Runoff Coordinator 1.0

**Planning**

Assistant City Manager .2  
Deputy Director .3  
Management Analyst I .3  
Management Analyst II .4  
Management Analyst III .3  
Assistant Planner 2.0  
Associate Civil Engineer 1.0  
Associate Planner 5.0  
Development Graphics & Map  
Technician 1.0  
Development Services  
Supervisor 1.0  
Information Systems Appl Spc 1.0  
Junior Planner 4.0  
Planning Manager/  
City Planner 1.0  
Senior Planner 2.0  
Zoning Technician 1.0  
Support Specialist 6.5

*\*one specially funded Code Enforcement Officer is  
partially budgeted in the Police Department*





***Mission:*** To improve the community's economic base and quality of life for businesses and residents by working collaboratively with community members and City staff to attract and retain businesses, increase job opportunities, and strengthen tax revenues.

## **Description of Responsibilities and Services**

The Office of Economic Development, in partnership with many internal and external stakeholders, proactively communicates with the business community to promote Fremont as a location of choice; creates and implements an overall marketing strategy for the City as a quality place in which to live and do business; assists Council's leadership position in regional economic development efforts; works with commercial real estate brokers and property owners to create the type of commercial and industrial development desired by the City; works with regional development organizations to strengthen Fremont's position within the local, regional and global economies; and helps facilitate the revitalization of Fremont's historic neighborhoods.

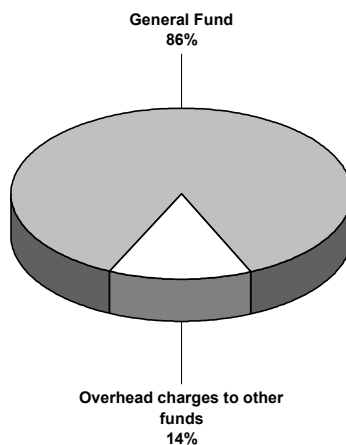
## **FY 2002/03 Service Objectives**

- Develop a new five-year economic development strategic plan to reflect the evolving regional economic climate and help achieve the City Council's goal of a vibrant local economy.
- Develop and implement a focused communications and marketing strategy that highlights Fremont's economic vitality and quality-of-life attributes in order to promote Fremont as a superior place in which to live, work, and do business.
- Redesign the City's website to increase awareness of the benefits of doing business in Fremont and create easy to access ways for businesses and residents to get information and assistance from the City.
- Create and implement a programming strategy for the City's municipal television channel to optimize an additional information medium for the community.
- Develop strategies to attract high-quality retail and restaurants based on analysis of Fremont's sales-tax generating businesses.
- Facilitate development activities in the historic redevelopment areas and the Central Business District to encourage revitalization and increase business activity and tax revenues.
- Continue to work with Catellus Development Corporation on the development of the Pacific Commons project; serve as a liaison between Catellus and the rest of the City staff to ensure that the public infrastructure improvements and private development move forward in a timely manner.

- Link Fremont companies, residents, and educational institutions by hosting the third Employment Expo to provide quality employees for Fremont firms, which will also contribute to reduced traffic congestion by connecting Fremont residents with Fremont companies.
- Identify concerns, topics and issues within the business community and communicate these to the City Council through regular Economic Development Advisory Commission meetings.
- Forge international partnerships to increase and sustain business interest in Fremont, focusing on regions of the world in which Fremont companies currently have significant business ties. These partnerships will be fostered this year by a trade mission and cultural exchange to Taiwan and mainland China.
- Develop and implement a biotech industry attraction strategy to capture a portion of the emerging and expanding biotech industry in the San Francisco Bay area.

### Economic Development Sources of Funding

Fiscal 2002/03: \$1,107,600



### Economic Development Expenditures

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 287,258	\$ 251,847	\$ 288,908	\$ 376,463	\$ 466,169	\$ 443,045
Operating Expenditures	170,343	147,995	356,657	574,777	719,163	649,104
Capital Expenditures	3,948	760	11,046	-	8,000	8,202
Indirect Expense Allocation	n/a	n/a	n/a	10,305	10,305	9,249
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	(2,000)
<b>TOTAL EXPENDITURES</b>	<b>\$ 461,549</b>	<b>\$ 400,602</b>	<b>\$ 656,611</b>	<b>\$ 961,545</b>	<b>\$ 1,203,637</b>	<b>\$ 1,107,600</b>

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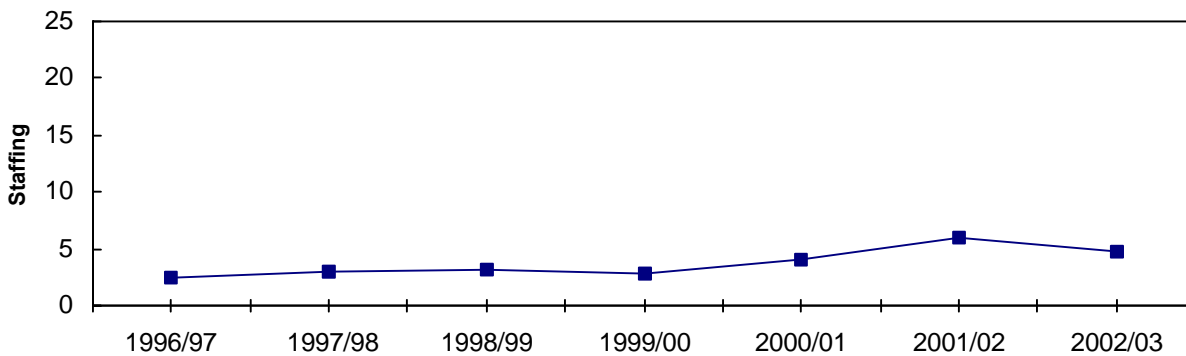
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**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

### Major Budget Changes for FY 2002/03

Employee salaries and benefits are increasing as a result of negotiated bargaining unit agreements. This increase is offset, however, by the redistribution of funding for the Retail Development Manager position, for which funding is shared with the Redevelopment Agency. For FY 2002/03, the department's share of the position will reduce from 50% to 20%. The apparent decrease in operating expenditures is due to an encumbrance from FY 2001/02 and a transfer from the City Manager's contingency fund that adjusted the FY 2001/02 budget upward. Other operating expenditures are increasing by 2.53% to keep pace with inflation. For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for information systems, vehicle replacement, workers' compensation insurance, and general liability insurance.

### Economic Development Historical Authorized Staffing



#### Staffing by Function Fiscal 2002/03

#### Economic Development

Economic Development Director .75\*  
 Management Analyst III 1.0  
 Marketing and Communications Coordinator 1.0  
 Economic Development Event Coordinator .75\*  
 Retail Development Manager .20\*  
 Support Specialist 1.0

\* These positions are full-time; the costs for the balance of these positions are budgeted in the Office of Neighborhoods.



***Mission:*** To deliver the services necessary to minimize the loss of life and property threatened by the hazards of fire, medical and rescue emergencies, hazardous materials incidents, and disaster situations in the City of Fremont.

## **Description of Responsibilities and Services**

The Fire Department is responsible for providing fire and life safety emergency services in the City of Fremont. These services include emergency responses by thirteen fire companies from eleven strategically located fire stations in the City; a paramedic program that is nationally recognized for excellence; public education; emergency preparedness training through the Community Emergency Response Team and Business Emergency Response Team programs; fire and life safety code inspection services; and hazardous materials management services for the City. The department actively participates in community-wide initiatives, such as economic development, through activities like the Business Liaison program.

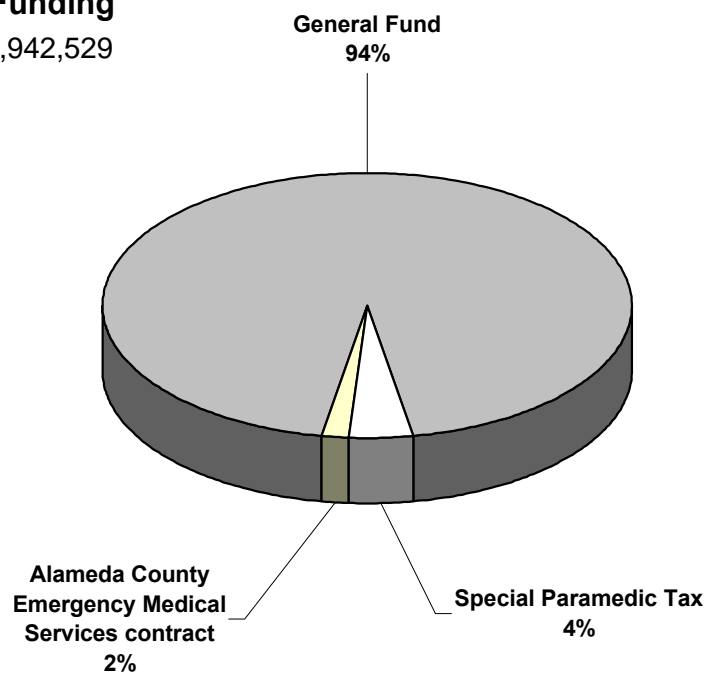
## **FY 2002/03 Service Objectives**

- Inspect 100% of the City's high-risk hazardous materials facilities using State agencies' standards to make certain that businesses in Fremont are handling their hazardous materials responsibly.
- Improve the Employee Wellness Program by focusing on physical fitness, medical evaluation, and medical prevention to help reduce the risks of all types of injuries.
- Through the Domestic Preparedness Program (Weapons of Mass Destruction), conduct a final multi-agency Chemical Weapons Exercise to ensure effective emergency response capability.
- Build block-level Community Emergency Response Team (CERT) groups and increase participation by 10% to create stronger communication with neighborhoods and in particular within underrepresented ethnic communities.
- Hire and train at least 12 new firefighter candidates to fill anticipated vacancies, reduce overtime, and continue uninterrupted service to the community.
- Work with companies with large campuses, where emergency access may be delayed, to install and train staff in the use of heart defibrillators.
- Increase educational outreach to Fremont schools by increasing participation in the Learn Not to Burn program to 15% of all Fremont elementary school students.
- Enhance the Fire Investigation Program to respond to recent national and international developments involving bombings and biological weapons.

- Review results from the traffic preemption pilot study and, if determined successful, begin implementing a minimum of 15 intersections per year across the City, allowing for a safer and quicker response by emergency vehicles.
- Complete construction and move into Station #11 to increase response coverage and improve emergency response capability in the southern industrial area of Fremont.
- Identify funding to retrofit and remodel seven fire stations to current seismic and American Disability Act standards and to replace three fire stations that are outdated and inadequate to meet current and future needs.
- Outfit and place in service five replacement engines, a hazardous materials response vehicle, a technical rescue vehicle, and a refurbished aerial ladder truck in accordance with the City's replacement schedule.
- Implement mobile/wireless data technology in all Fire Department apparatus to allow access to critical information for field apparatus that can directly impact response.

**Fire Sources of Funding**

Fiscal 2002/03: \$23,942,529



**Fire Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$20,179,199	\$20,770,908	\$16,740,212	\$19,511,480	\$20,051,533	\$20,508,274
Operating Expenditures	1,418,796	1,608,713	1,643,665	1,060,876	1,191,141	1,418,131
Capital Expenditures	192,558	172,550	435,644	1,343,612	1,667,017	318,417
Indirect Expense Allocation	n/a	n/a	n/a	2,172,991	2,172,991	2,185,707
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	(488,000)
<b>TOTAL EXPENDITURES</b>	<b>\$21,790,553</b>	<b>\$22,552,171</b>	<b>\$18,819,521</b>	<b>\$24,088,959</b>	<b>\$25,082,682</b>	<b>\$23,942,529</b>

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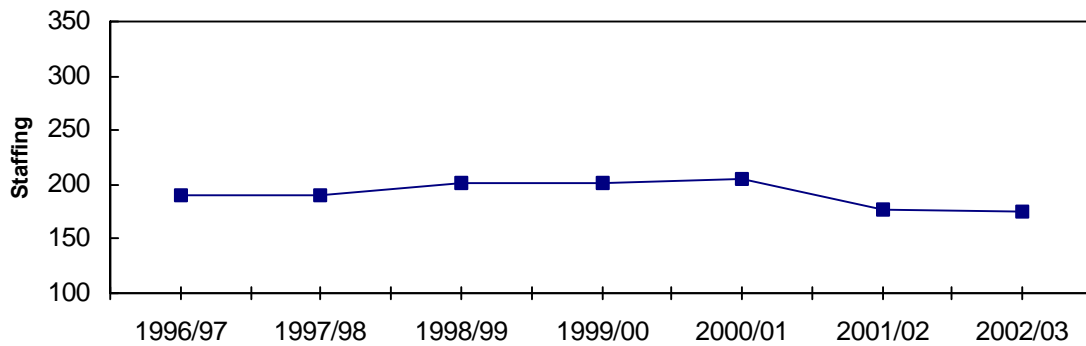
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**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

**Major Budget Changes for FY 2002/03**

Salaries and benefits costs are increasing as a result of negotiated bargaining unit agreements. Because changes in the Expenditure Control Budgeting system (ECB) have reduced departmental capacity to fund ongoing expenditure items, the department requires increased funding to keep service commitments from prior years. Approximately \$300,000 in position changes that previously had been funded with prior years' savings now must appear in the base budget to maintain current service levels. The apparent decrease in capital expenditures is due to an encumbrance of nearly \$600,000 for an equipment purchase, and the use of \$500,000 carry-forward savings for a similar purpose that adjusted the FY 2001/02 budget upward. Operating expenditures are increasing by 2.53% to keep pace with inflation. For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for information systems, vehicle replacement, workers' compensation insurance, and general liability insurance. Finally, the department's total allocation contains a budget reduction component that reduces the department budget appropriation by \$488,000.



**Fire Department Historical Authorized Staffing**

**Note:** The staffing decrease in 2001/02 reflects disengagement of the Union City Fire Contract.

**Staffing by Function**  
**Fiscal 2002/03**
**Fire**
**Administration and  
Emergency Preparedness**

Fire Chief 1.0  
 Division Chief 1.0  
 Business Manager 1.0  
 Management Analyst I 1.0  
 Support Specialist 8.0

**Training & Emergency Preparedness**

Division Chief 1.0<sup>1</sup>  
 Fire Captain 3.0

Other department support:<sup>2</sup>  
*Explorer Scouts*  
*Fire Support Services*  
*Mission Valley Associates*  
*Chaplains*  
*CERT Coordinator .50<sup>3</sup>*

**Fire Prevention and  
Hazardous Materials**

Division Chief 1.0<sup>1</sup>  
 Fire Captain 2.0  
 Education Coordinator 1.0  
 Hazmat Program Manager 1.0  
 HAZMAT Technician 3.0  
 Sr Code Enforcement Officer 1.0

**Operations / Emergency  
Medical Services**

Division Chief 2.0<sup>1</sup>  
 Fire Captain 46.0  
 Fire Engineer 41.0  
 Firefighter 49.0  
 Dispatcher 11.0  
 EMS Nurse Educator 2.0

<sup>1</sup> Division Chiefs have operational as well as administrative duties and serve both functions at all times

<sup>2</sup> Volunteers

<sup>3</sup> Contract employee

***Mission:*** Human Services works to support a vibrant community through the creation and maintenance of services that empower individuals, strengthen families, encourage self-sufficiency, enhance neighborhoods, and foster a high quality of life.

## **Description of Responsibilities and Services**

Human Services offers a range of services to the community, including family counseling and support services designed to bring families together and to help them become self-sufficient. A continuum of services for well-to-frail seniors is provided to help elders remain independent and in their own homes, including a meal program, adult education, and health screening at the Senior Center. Personalized service coordination for frail elderly includes home visits; Senior Peer Counseling; local paratransit; and Crossing the Bridge, an inter-generational program that matches high school students with frail elders. Volunteer Services administers the City's internal volunteer program, linking community volunteers with City departments. Human Services also oversees the Fremont Family Resource Center, a partnership that co-locates 22 organizations (State, County, City and nonprofit) for one-stop service access. The Department's Youth and Family Services provides a wide range of services aimed at promoting strong families, including parenting workshops and counseling for youth and families. The Youth Employment and Opportunity Program helps match young people aged 14-21 with employers. The Department continually develops new counseling groups, support groups, and educational programs based on feedback from clients.

Human Services is responsible for administration of the City's social service and federal Community Development Block Grant (CDBG) funds, and provides technical assistance to agencies receiving grants. It is also staff to the Human Relations Commission, Senior Citizens Commission, Transit Advisory Committee, and Citizens Community Development Block Grant Advisory Committee.

## **FY 2002/03 Service Objectives**

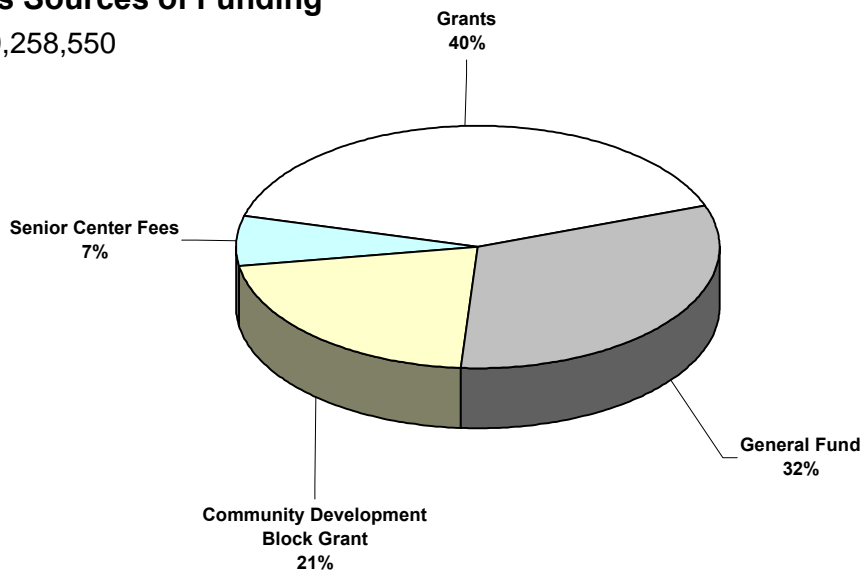
- Begin construction of a community/senior center at Northgate Community Park that will serve as a multi-service senior center and offer recreational programming and community opportunities for all age groups.
- Expand the Measure B City Paratransit Program to increase the quantity and enhance the quality of transportation services provided to seniors and disabled adults in Fremont.
- Complete automation of all clinical record keeping in order to improve the ability to track service information, measure service outcomes and inform decision making related to client needs.
- Upgrade equipment, software and registration procedures at the Senior Center to increase the accuracy of information about the use of senior programs and the ability to predict senior needs.

- Begin to use the family matrix tool, a cutting-edge effort, which measures the impacts of social service programs on seniors, youth, families, and caregivers.
- Develop and implement long-term fundraising strategies to insure that adequate services are available to address the increased needs of a growing senior population.
- Complete the application process to become a designated provider of Targeted Case Management (TCM), which will provide Medi-Cal reimbursements for case management services provided to seniors who are on Medi-Cal and thereby generate revenues to increase Human Services' capacity to serve seniors and families.
- Provide a leadership role in collaborating with Washington Hospital, Kaiser, County Mental Health and other service providers to identify and address gaps in service to seniors with mental illness and dementia.
- Research and identify potential sites for construction of a third senior center in southern Fremont in order to make progress on a long-standing goal of the City.
- Develop new support groups and educational programs at the Family Resource Center for parents, children, and families based on input from clients.
- Increase access to services at the Family Resource Center for families of diverse economic backgrounds by conducting extensive marketing in elementary schools and engaging parents in targeted neighborhoods in community problem solving related to the needs of families and children.
- Through collaborative community organizing efforts of the Family Resource Center, the Office of Neighborhoods, and the Police Department, work to strengthen and increase civic participation of families in the Cabrillo neighborhood.
- At the Family Resource Center, implement a comprehensive program evaluation to ensure that all common goals of the collaborative can be evaluated and measured, helping to create benchmarks which will allow for continuous improvement.
- Continue implementation of the Family Service Team, which brings together multi-disciplinary staff from different organizations at the Family Resource Center to improve the success rate of parents in transitioning into the workforce.
- Expand the capacity of the Core Family Resource Center Case Management Staff to provide a range of case management services to clients of the Family Resource Center.

- In collaboration with the Office of Neighborhoods and Fremont Unified School District, assist in the effort to enhance opportunities for service learning in City government and the community.
- Secure new outside funding to continue the new Infant Toddler Program, mental health services for parents of infants and preschool children (ages 0 to 4), and promote service integration on behalf of families with very young children.
- To address needs identified in the Youth Action Plan Phase I report, increase teen access to career planning and job search services by offering workshops and other assistance at the High School Career Centers and Teen Center
- Provide family crisis intervention, mental health assessment, and counseling services to families and youths to divert juveniles involved with criminal offenses.
- Develop new educational programs for parents focused on current service gaps such as the special needs of new immigrant parents.
- In collaboration with Tri-City Homeless Coalition and other partners continue to implement the Homeless Outreach for People Empowerment (HOPE) project which targets homeless persons or families living on the street and in need of comprehensive services, and secure funding to continue the project beyond FY 2002/03.
- Expand usage of Volunteer Match, an on-line volunteering tool, by prospective volunteers and by City Departments and local non-profit agencies seeking volunteers.

### Human Services Sources of Funding

Fiscal 2002/03: \$9,258,550



**Human Services Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 2,062,320	\$ 2,593,501	\$ 2,804,693	\$ 2,942,933	\$ 3,070,512	\$ 3,735,040
Operating Expenditures	1,864,758	2,524,511	2,659,167	3,985,619	3,915,783	4,783,191
Capital Expenditures	35,317	159,130	18,274	87,765	494,814	422,314
Indirect Expense Allocation	n/a	n/a	n/a	186,749	186,749	410,005
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	(92,000)
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,962,395</b>	<b>\$ 5,277,142</b>	<b>\$ 5,482,134</b>	<b>\$ 7,203,066</b>	<b>\$ 7,667,858</b>	<b>\$ 9,258,550</b>

**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

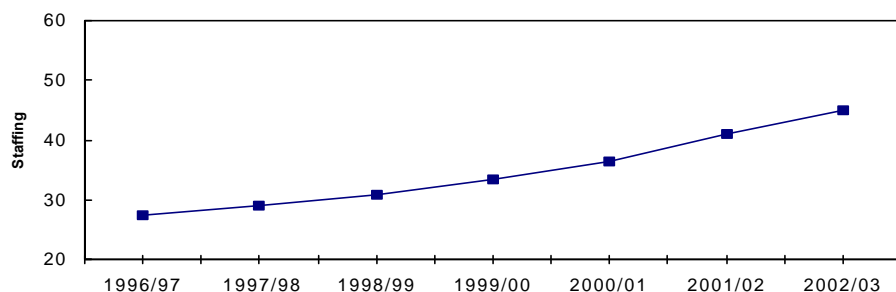
**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

**Major Budget Changes for FY 2002/03**

Salaries and benefits costs are increasing as a result of negotiated budget bargaining unit agreements. The increase is also attributable to the restoration of General Fund support for approximately \$200,000 in Youth and Family Services positions that were historically funded through the General Fund, but were offset by grants in FY 2002/03. The budget also includes additional positions, not requiring General Fund resources, that will be funded through grants or other program fees. These positions include a Clinical Supervisor at the Family Resource Center, a Senior Center Manager, a support specialist, and other temporary staff needed to support various grant-funded initiatives. The increase in salaries and benefits is partially offset by reduced funding for employee leave that reflects a required accounting change.

Operating expenditures are increasing to reflect expenses corresponding with increased external funding for the Measure B/Paratransit Program. Other operating expenditures are increasing by 2.53% to keep pace with inflation. For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for information systems, vehicle replacement, workers' compensation insurance, and general liability insurance. The total operating allocation contains a budget reduction component that reduces the total departmental appropriation by \$92,000.

**Human Services Historical Authorized Staffing**

Staffing by Function  
Fiscal 2002/03

**Human Services**

Human Services Director 1.0  
Deputy Human Services Director 1.0  
Support Specialist 2.0

**Volunteer Services**

Management Analyst II 1.0

**Family Resource Center**

Family Resource Center  
Administrator 1.0  
Clinical Supervisor 1.0  
Support Specialist 1.0

**Youth and Family Services**

Family Services  
Administrator 1.0  
Clinical Supervisor 1.0  
Counselor 6.0  
Case Manager 2.2  
Support Specialist 2.0  
*Counseling interns \**  
*Support Specialist 1.0\**

**Senior Services**

Family Services Administrator 1.0

**Senior Supportive Services**

Clinical Supervisor 1.0  
Case Manager 5.75  
Counselor 1.0  
Support Specialist 2.0  
*Outreach Worker 1.5 \**

**Youth Opportunity and Employment**

Program Coordinator 1.0  
Support Specialist 2.0

**Senior Center**

Senior Center Manager 1.0  
Program Coordinator 1.0  
Chef / Food Services Mgr. 2.0  
Support Specialist 2.0  
*Building Attendants \**  
*Outreach Worker 2.0 \**

**CDBG Services**

CDBG Coordinator 1.0  
Management Analyst 1.0  
Support Specialist 1.0

**Paratransit**

Management Analyst II 1.0  
Support Specialist 1.0

*\*Temporary*



# Maintenance & Recreation

***Mission:*** *To ensure the citizens of Fremont receive friendly, valued customer services through the management of facilities, the delivery of park ranger services, the provision of a broad spectrum of recreation programs, and the maintenance of the community's physical environment in a manner which responds to community needs.*

## **Description of Responsibilities and Services**

Maintenance functions include vehicle maintenance, hazardous material handling for City facilities, park maintenance, public buildings maintenance, street maintenance, and median/trees maintenance.

Recreation functions include both performing and visual arts, youth and adult sports, teens and the *Youth Today* newspaper, youth and early childhood enrichment programs, park visitors services, as well as management of the community centers, special facilities, and historic sites. Staff provides support to the Recreation Commission and various other boards and commissions which advise the City Council. The department also carries out capital and park planning and development projects and implements the Parks and Recreation Master Plan.

## **FY 2002/03 Service Objectives**

### **Maintenance and Recreation Services**

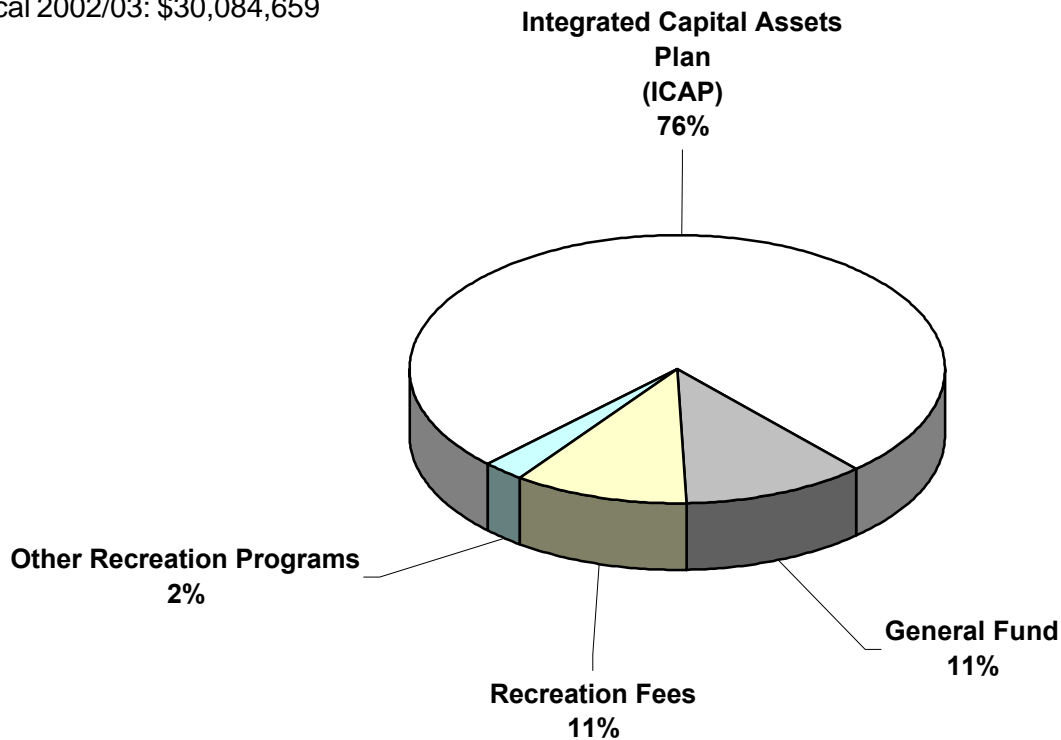
- Complete construction of a \$5.6 million pavement overlay project and a \$3.6 million pavement rehabilitation project to improve traffic safety, facilitate transportation, and preserve the condition of streets throughout the community.
- Utilize the Program Performance Measurement (PPM) system to measure park, median, and urban forestry maintenance activities against established standards
- Replace security equipment in City facilities to minimize maintenance requirements and reduce false alarms.
- Provide job training opportunities through programs such as the Federal Work Study Program, the City Volunteer Program, the Cal-Works program, and high school ROP programs.
- Improve communication with the community regarding graffiti abatement services with hot line information, digital photos, and information regarding volunteer clean-up projects on the City's web page.
- Begin implementation of the new integrated maintenance management and work order system to improve information analysis and maintenance planning.
- Complete construction of the new Maintenance Center on schedule and within budget to provide the facility and resources needed to maintain effectively and efficiently the City's assets now and in the future.



- Partner with the Fremont Unified School District to provide after-school activities on all five junior high school campuses and elementary schools that are designated as Title One schools.
- Partner with Human Services to develop a program schedule for the community/senior center at Northgate Community Park that provides a range of senior and recreational programs for the entire community.
- Conduct quarterly meetings with the Youth Action Plan Steering Committee to share program information and to identify strategic opportunities to align city services to the themes identified in the Youth Action Plan.
- Implement a program schedule for the first year of operation of the Teen Center by collaborating internally and externally with youth service providers to broaden the recreational and educational opportunities for young people.
- Complete the redesign of the Puerto Penasco Swim Lagoon into a family water play facility that will be financially self supporting and will expand annual attendance threefold over the current Swim Lagoon usage.
- Develop a plan to accommodate Central Park users that will be displaced by BART construction from the extension to San Jose.
- Implement the Patterson House Strategic Plan by promoting internal and external collaborations through an Art and History Fair, evening House tours, and a site-appropriate music performance.
- Complete the Shinn Historic Park and Arboretum Master Plan, which will create an integrated plan for completing the park.
- Facilitate the selection of public art for the new City Maintenance Facility and Northgate Community/Senior Center.
- Manage coordination of the public involvement and environmental review processes for park capital projects, which entail \$8 million improvements to the Centerville and Mission San Jose community parks and Rancho Higuera Historical Park in FY 02/03.
- Conduct the site evaluation of the Municipal Parcel at Pacific Commons for public park purposes according to the Criteria for Selection of Park Sites in the General Plan.

## Maintenance & Recreation Sources of Funding

Fiscal 2002/03: \$30,084,659



## Maintenance Expenditures

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 7,503,980	\$ 8,248,193	\$ 8,754,659	\$ 9,797,999	\$10,313,683	\$11,200,634
Operating Expenditures	5,973,933	6,531,653	7,012,892	7,857,635	7,555,418	7,572,319
Capital Expenditures	1,698,559	852,127	260,413	968,600	968,600	339,275
Indirect Expense Allocation	n/a	n/a	n/a	3,495,156	3,679,112	3,868,772
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	n/a
<b>TOTAL EXPENDITURES</b>	<b>\$15,176,472</b>	<b>\$15,631,973</b>	<b>\$16,027,964</b>	<b>\$22,119,390</b>	<b>\$22,516,813</b>	<b>\$22,981,000</b>

**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

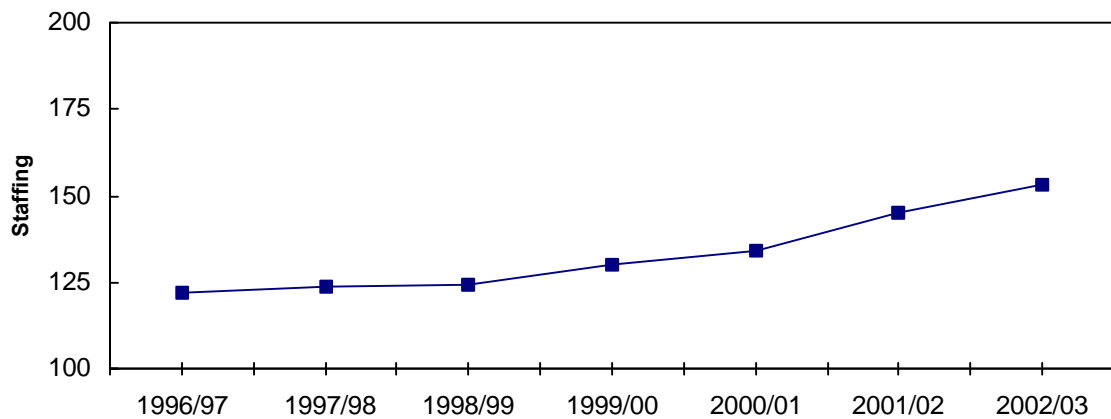
**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

### Major Budget Changes for 2002/03

Salaries and benefits costs are increasing as a result of negotiated bargaining unit agreements. The increase is also due to the addition of eight maintenance workers authorized in the 2001-06 CIP/ICAP to improve maintenance service of streets, parks, and public buildings. For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for administrative overhead, information systems, vehicle replacement, workers' compensation insurance, and general liability insurance. The table above does not show a base budget reduction amount because of the division's funding structure. However, the reduction effect is achieved through a \$322,000 reduction in the transfer from the General Fund

### Maintenance Historical Authorized Staffing



**Recreation Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 3,246,315	\$ 3,348,112	\$ 3,727,582	\$ 4,025,722	\$ 4,036,738	\$ 4,290,628
Operating Expenditures	909,292	1,008,300	1,204,323	1,484,299	1,481,627	1,532,534
Capital Expenditures	5,027	71,267	32,642	17,840	18,930	83,812
Indirect Expense Allocation	n/a	n/a	n/a	1,115,830	1,116,415	1,196,685
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	n/a
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,160,634</b>	<b>\$ 4,427,679</b>	<b>\$ 4,964,547</b>	<b>\$ 6,643,691</b>	<b>\$ 6,653,710</b>	<b>\$ 7,103,659</b>

**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

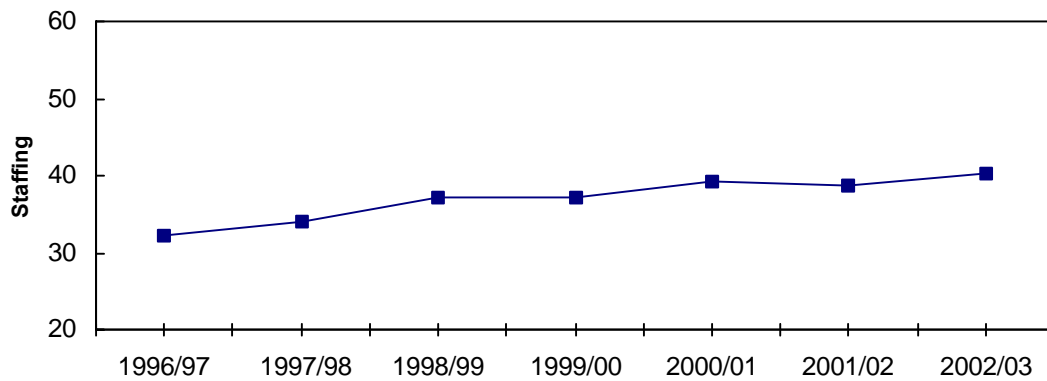
**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

**Major Budget Changes for FY 2002/03**

Salaries and benefits costs are increasing as a result of negotiated bargaining unit agreements. The increase is also partially caused by the addition of a Senior Recreation Leader for the Teen Center, which is scheduled to open in 2002. Capital expenditures are increasing because of furnishings and equipment required for the Teen Center

For FY 2002/03, staff reviewed the City Council-endorsed basis for the General Fund contribution to the cost center. Examples of expenditures intended for General Fund support include administration, Central Park operations, and community center administration. This review suggested that the contribution should be \$3.5 million, which is \$350,000 higher than the FY 2001/02 level. To reduce the potential impact of this increase on the General Fund, the FY 2002/03 contribution is increasing by only \$100,000. The City's five-year forecast includes a plan to gradually increase to the appropriate contribution level, rather than including the entire increase in FY 2002/03. This reduction in the expected General Fund contribution makes an additional \$250,000 available to the General Fund in FY 2002/03 that otherwise would have supported cost center activities. The General Fund contribution also contains a \$69,000 budget reduction component, similar in scale to that required of all departments. The reduced level of funding will have no adverse impact on services.

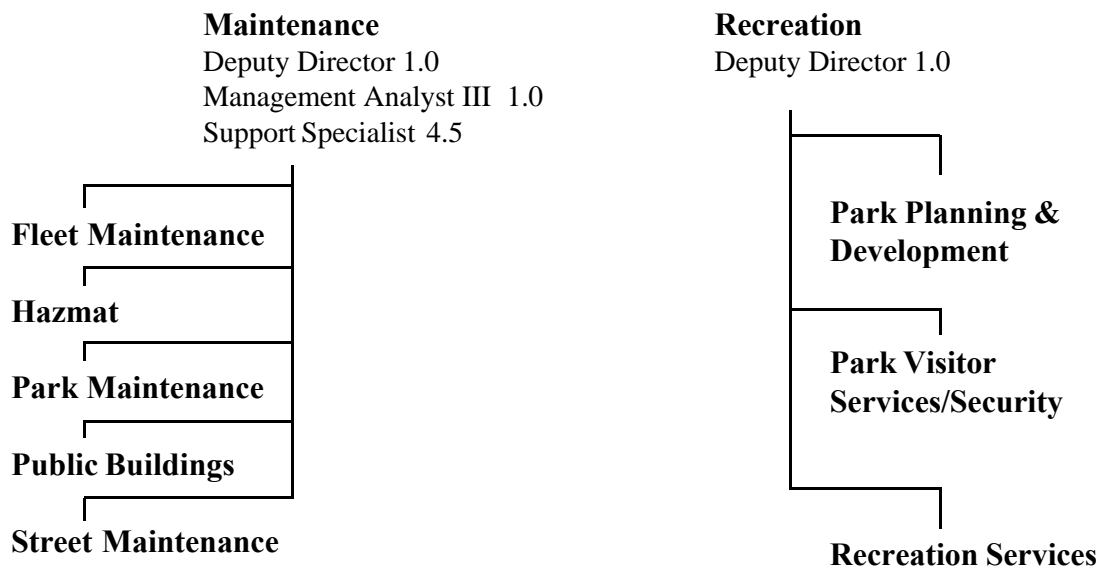
For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for administrative overhead, information systems, vehicle replacement, workers' compensation insurance, and general liability insurance.

**Recreation Historical Authorized Staffing**

Staffing by Function  
Fiscal 2002/03

**Maintenance & Recreation****Administration & Support Services**

Director 1.0  
 Business Manager 1.0  
 Management Analyst II 1.0  
 Support Specialist 2.75  
*Program Support Specialist .5\**



*\*Temporary, part-time*

Staffing by Function  
Fiscal 2002/03

**Maintenance & Recreation**

**Maintenance**

**Hazmat**

Management Analyst II 1.0  
Support Specialist .5

**Fleet Maintenance**

Fleet Superintendant 1.0  
Auto Parts & Maint. Coord. 1.0  
Support Specialist 1.0  
Fleet Supervisor 1.0  
Heavy Equipment Mech.II 4.0  
Auto Equipment Mech. I 2.0  
Mechanic Assistant 3.0

**Public Buildings**

Public Buildings Supt. 1.0  
Building Trades Supervisor 1.0  
Building Trades Field Supv 3.0  
Building Maint. Specialist 1.0  
Building Trades Worker III 2.0  
Building Trades Worker II 16.0  
Building Trades Worker I 4.0  
Support Specialist 1.0

**Street Maintenance**

Street Maint. Superintendant 1.0  
Street Maint. Supervisor 1.0

**Patch Crews**

Street Field Supervisor 1.0  
Street Maint. Worker II 5.0  
Street Maint. Worker I 7.0

**Traffic Safety**

Street Field Supervisor 1.0  
Street Maint. Worker II 4.0  
Street Maint. Worker I 4.0

**Street Sanitation**

Street Field Supervisor 1.0  
Street Maint. Worker II. 6.0

**Park Maintenance**

Park Superintendent 1.0  
Park Maintenance Supr. 2.0  
Support Specialist .5

**Tree Crews**

Park Field Supervisor 2.0  
Park Maint. Worker II 6.0  
Park Maint. Worker I 6.0

**Median Crews**

Park Field Supervisor 2.0  
Park Maint. Worker II 5.0  
Park Maint. Worker I 9.0

**Central Park**

Park Field Supervisor 1.0  
Park Maint. Worker II 3.0  
Park Maint. Worker I 5.0

**North End Parks**

Park Field Supervisor 1.0  
Park Maint. Worker II 3.0  
Park Maint. Worker I 3.0

**South End Parks**

Park Field Supervisor 1.0  
Park Maint. Worker II 3.0  
Park Maint. Worker I 3.0

**Irrigation**

Park Field Supervisor 1.0  
Park Maint. Worker II 2.0  
Park Maint. Worker I 3.0

**Mowers/Construction/Graffiti/Greenwaste**

Park Field Supervisor 1.0  
Park Maint. Worker II 2.0  
Park Maint. Worker I 5.0  
Park Equipment Mechanic 1.0

**Recreation**

**Park Planning & Development**

Park Planning Manager 1.0

**Park Visitor Services/Security**

Supervising Park Ranger 1.0  
Park Ranger 6.0  
Support Specialist 1.0  
*Program Staff approx. 80\**

**Recreation Services**

Recreation Superintendent 3.0  
Recreation Supervisor 7.0  
Sr. Recreation Leader 7.0  
Facility & Supply Spec. 1.0  
Facility & Supply Worker 1.0  
Tennis Operations Supv 1.0  
Tiny Tot Specialist 3.25  
Support Specialist 1.75  
*Program Staff approx. 240.0\**

*\*Temporary, part-time*



***Mission:*** To foster neighborhood vitality by improving the physical environment, expanding quality, affordable housing, and enhancing the community's capacity to build stronger neighborhoods.

## Description of Responsibilities and Services

The Office of Neighborhoods is responsible for carrying out the Fremont Redevelopment Agency's adopted Five-Year Implementation Plan. The focus of the Plan is to stimulate reinvestment in, and revitalization of the redevelopment neighborhoods. In the redevelopment project areas, the Office of Neighborhoods develops and implements commercial property improvement programs and seeks opportunities for quality development to promote private investment. To build community stability over the long term and to strengthen neighborhoods, the department develops and invests in quality affordable housing programs and new affordable housing development. The Office of Neighborhoods is also dedicated to community building and the development of effective partnerships with the community.

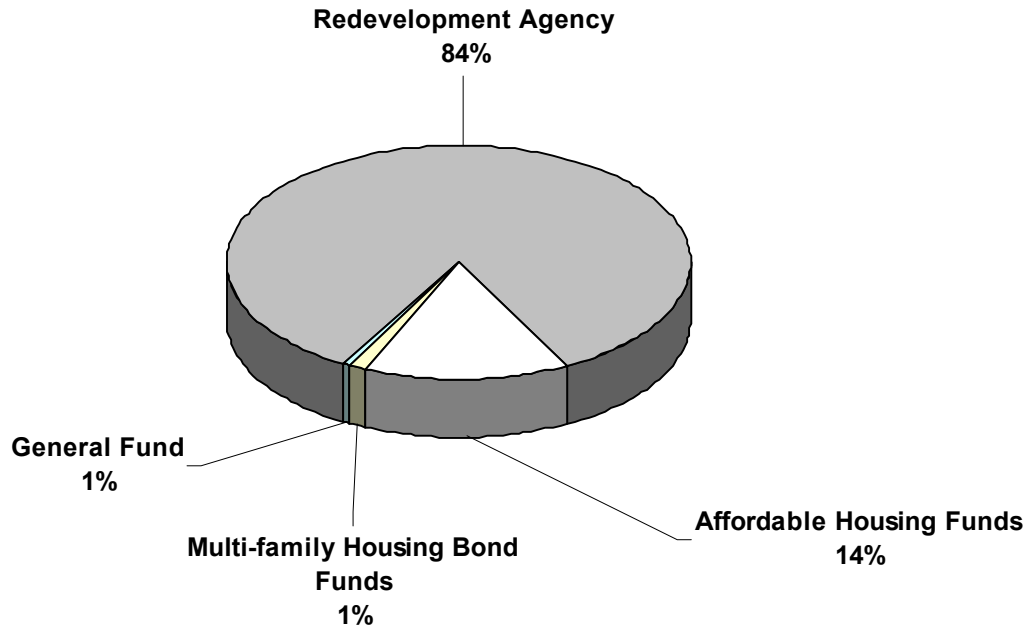
## FY 2002/03 Service Objectives

- Building upon the approved Niles Concept Plan's vision for a Town Center, create a master plan within a proposed study area that includes the former Union Pacific property to guide the effective use of Redevelopment Agency resources in the Niles district.
- Develop and implement a retail marketing strategy in the Niles district to attract additional businesses and enhance retail diversity within the district.
- Upon completion of Niles and Centerville parking studies, develop and implement parking strategies to stimulate economic development in the districts.
- Following adoption of the Irvington Concept Plan, develop an implementation plan that sets priorities to strengthen the district's economy.
- Initiate a redevelopment plan amendment to provide a possible funding strategy for an Irvington BART station.
- Develop an inclusionary housing ordinance and jobs/linkage fee program to help meet the need for new, quality affordable housing in the community.
- Negotiate financing agreements with at least four housing developers to create new or rehabilitated affordable multifamily housing projects in the redevelopment project areas or other areas of the City.
- Refine the First-Time Homebuyer Program to expand home ownership opportunities to an increased number of Fremont residents.



### Office of Neighborhoods Sources of Funding

Fiscal 2002/03: \$63,930,248



### Affordable Housing

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 298,919	\$ 390,202	\$ 371,371	\$ 374,000	\$ 520,247	\$ 597,037
Operating Expenditures	489,883	526,984	160,443	94,212	177,192	276,250
Capital Expenditures	701,482	1,386,125	1,689,969	3,000,000	7,603,000	7,503,000
Indirect Expense Allocation	n/a	n/a	n/a	134,097	170,620	192,791
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	n/a
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,490,284</b>	<b>\$ 2,303,311</b>	<b>\$ 2,221,783</b>	<b>\$ 3,602,309</b>	<b>\$ 8,471,059</b>	<b>\$ 8,569,078</b>

**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

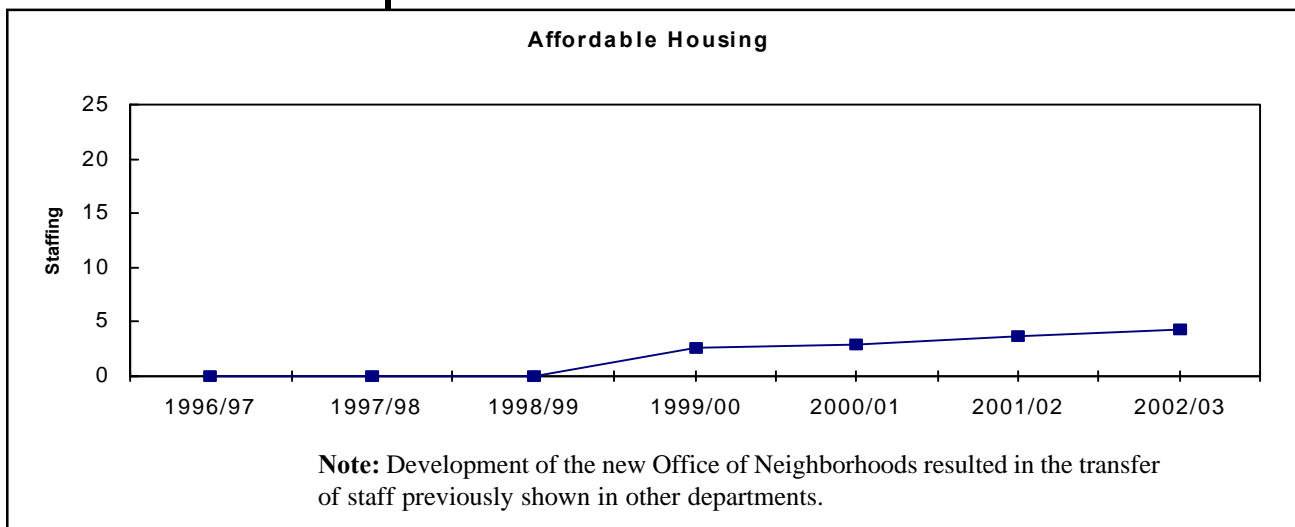
**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

### Major Budget Changes for FY 2002/03

Salaries and benefits are increasing as a result of negotiated bargaining unit agreements. Additionally, the increase reflects a portion of the funding required for a Support Specialist position to be shared with the Redevelopment Agency. Increases to salaries and benefits are partially offset by reduced funding for employee leave that reflects a required accounting change.

Operating expenditures are increasing because of contractual services needed to implement the Housing Element of the City's General Plan. Other operating expenditures are increasing by 2.53% to keep pace with inflation. For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for administrative overhead, information systems, vehicle replacement, workers' compensation insurance, and general liability insurance.

### Affordable Housing Historical Authorized Staffing



### Community Building Expenditures

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 72,272	\$ 89,139	\$ 169,885	\$ 272,853	\$ 248,265	\$ 254,552
Operating Expenditures	3,357	12,990	67,804	62,394	108,029	93,000
Capital Expenditures	6,140	-	-	-	-	-
Indirect Expense Allocation	n/a	n/a	n/a	10,178	10,178	9,866
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	(1,000)
<b>TOTAL EXPENDITURES</b>	<b>\$ 81,769</b>	<b>\$ 102,129</b>	<b>\$ 237,689</b>	<b>\$ 345,425</b>	<b>\$ 366,472</b>	<b>\$ 356,418</b>

**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

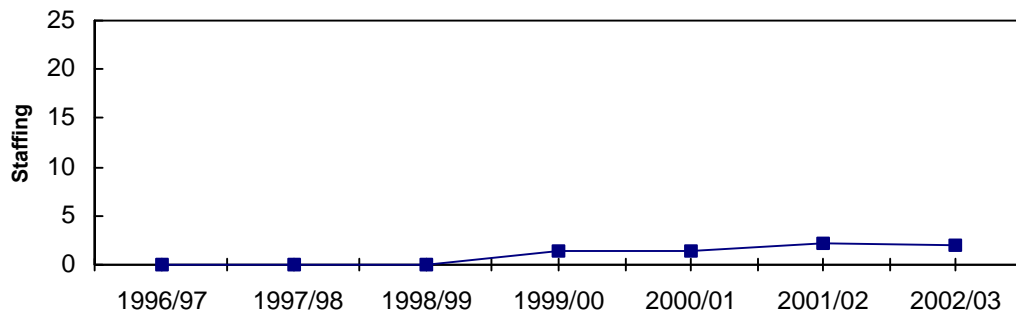
**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

### Major Budget Changes for FY 2002/03

Salaries and benefits are increasing as a result of negotiated bargaining unit agreements. Salaries and benefits are also increasing to reflect the addition of temporary staff to maintain current service levels in programs such as Neighborhood Crime Watch, Community Emergency Response Teams, and the Community Engagement Summit. This increase is not apparent in the table above because an equal amount of prior year carry-forward savings that was used for the same purpose in FY 2001/02 is included in the FY 2001/02 adjusted budget. For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for information systems, vehicle replacement, workers' compensation insurance, and general liability insurance.

### Community Building Historical Authorized Staffing



**Note:** Development of the new Office of Neighborhoods resulted in the transfer of staff previously shown in other departments.

## Redevelopment Agency Expenditures

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$ 322,602	\$ 509,185	\$ 492,474	\$ 630,000	\$ 770,385	\$ 952,946
Operating Expenditures	3,833,711	7,089,475	13,274,236	6,400,000	6,755,523	9,593,753
Capital Expenditures	25,185	4,216,930	20,011,697	20,000,000	46,010,000	43,953,284
Indirect Expense Allocation	n/a	n/a	n/a	353,778	371,263	504,770
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	n/a
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,181,498</b>	<b>\$11,815,590</b>	<b>\$33,778,407</b>	<b>\$27,383,778</b>	<b>\$53,907,171</b>	<b>\$55,004,753</b>

**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

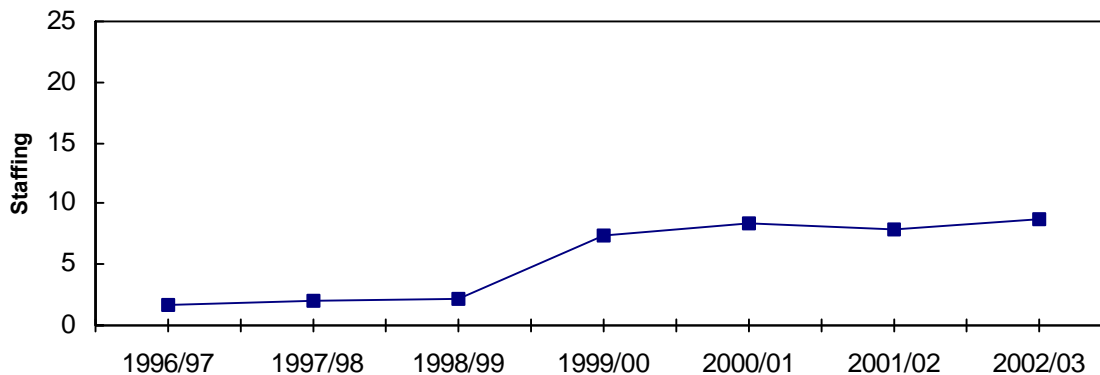
**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

## Major Budget Changes for FY 2002/03

Salaries and benefits are increasing as a result of negotiated bargaining unit agreements. Additionally, the increase reflects a portion of the funding required for a Support Specialist position to be shared with the Affordable Housing, an additional contribution for the Retail Development Manager to be shared with the Economic Development Department, and funding for a special assistant to support work on implementation of a major RDA Plan Amendment.

Increases in operating expenditures are mostly attributable to an additional \$2.5 million budgeted for increased pass-through payments to other agencies related to the Industrial Redevelopment project area. The operating expenditures line item also contains funds for consulting services needed to implement a major plan amendment. Other operating expenditures are increasing by 2.53% to keep pace with inflation. For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for administrative overhead, information systems, vehicle replacement, workers' compensation insurance, and general liability insurance.

## Redevelopment Agency Historical Authorized Staffing



Staffing by Function  
Fiscal 2002/03

**Office of Neighborhoods**

**Redevelopment**

Assistant City Manager .2  
Redevelopment Agency Director .65  
Economic Development Director .25  
Redevelopment & Housing Project  
Manager 3.0  
Business Manager .75  
Neighborhood Resource Manager .2  
Retail Development Manager .8  
Economic Development Event  
Coordinator .25  
Support Specialist 2.6

**Affordable Housing**

Assistant City Manager .09  
Redevelopment Agency Director .34  
Deputy Director/Housing 1.0  
Redevelopment & Housing Project  
Manager 1.0  
Business Manager .2  
Housing Programs Coordinator 1.0  
Housing Counselor 1.0  
Support Specialist 2.0

**Community Building**

Assistant City Manager .01  
Redevelopment Agency Director .01  
Neighborhood Resource Manager .8  
Business Manager .05  
Community Engagement Specialist .75  
Support Specialist .4

**Mission:** *The Police Department is dedicated to providing ethical and professional services to our community. Our pledge is to work in partnership with our culturally diverse community to safeguard lives and property, preserve constitutional rights, and apprehend those who violate the law and rights of others. Our focus is to maintain peace and order, and to promote a safe and healthy community.*

## **Description of Responsibilities and Services:**

The Police Department is responsible for the safeguarding of citizens' lives and property, the preservation of constitutional rights, and neighborhood problem solving. The Office of the Chief of Police provides leadership for general and strategic planning, direction, and evaluation of all police activities. There are several direct reports in this Division including the Office of Professional Standards and Accountability. This function provides for investigations of citizen complaints as well as conducting internal affairs investigations. Two special investigators work for the Chief of Police performing duties that include press information, vice investigations, and handling highly sensitive investigations, such as hate crimes.

The Office of Business Services manages the department budget and finances including providing oversight for grants, the payroll system, and central purchasing and supplies.

Investigative Services has the primary responsibility for investigations involving homicide, robbery, sex crimes, child abuse, assault, burglary, theft, fraud, and miscellaneous criminal investigations. The unit actively investigates these crimes and coordinates resources involved in in-depth investigations.

The Community Policing Patrol Teams Division has a primary mission of first responder to calls for service with a renewed emphasis on efficient and effective response times. The Division strives to maintain order, apprehend law violators, investigate criminal violations and seek long-term solutions to problems and issues important to the community.

The Traffic Unit implements innovative strategies, both traditional and technology-based, aimed at improving traffic safety and reducing the incidents of vehicle/pedestrian collisions. Traffic personnel render aggressive traffic safety educational campaigns such as *Walk Safe*, *Bicycle Rodeo*, and *Every 15 Minutes* through the schools, and through the Driving Under the Influence checkpoint program.

Fremont Police Department employees staff regional task force groups including the Southern Alameda County Narcotics Enforcement Team, Silicon Valley High Tech Crime Task Force and Gang Violence Suppression, which oversees the new Trigger Lock Program.

Crime statistics are researched and analyzed to identify patterns or series and to forecast trends. Crime-to-suspect and suspect-to-crime correlation is developed making target profile analysis possible.

Forensic Services provides the processing analysis of evidence.

The property and evidence unit maintains control on the inventory of all items seized or found by the Police Department.

The Tri-City Animal Shelter is located in Fremont and provides quality services to our animals and the community.

The Community Policing Support Division is primarily responsible for the Animal Shelter, Records, Personnel, and Training.

Most detainees from the Tri-cities are booked into the Fremont Jail, unless under certain situations they need to be transported to the County Jail for intake.

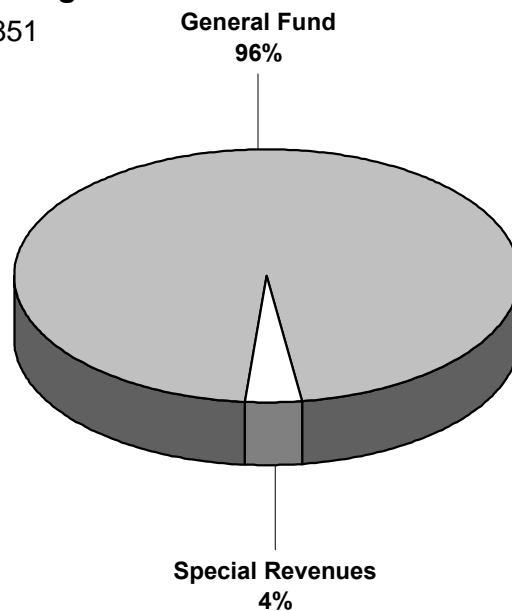
### **FY 2002/03 Service Objectives**

- Continue to recruit, hire and promote qualified candidates to bring diversity to the Fremont Police Department.
- Develop strategies to meet retirement trends anticipated for the next five years, with particular emphasis on recruitment and leadership development, in order to maintain the current level of police services to the community.
- Increase efforts to obtain and analyze criminal intelligence information for the overall safety of Fremont citizens.
- Partner with the Office of Neighborhoods to build capacity among neighborhood leaders and coordinate resources to further develop police services oriented toward identified neighborhood needs.
- Develop and implement a Team Community Oriented Policing strategy in the Patrol Division for proactive problem solving that will include stakeholders' meetings, training, a pilot phase, evaluation, and strategy implementation.
- Partner with the Fremont Unified School District (FUSD) to implement the new Drug and Gang Awareness education program for the sixth grade student body of public and private schools.
- Expand the Police Department-Fremont Unified School District joint effort in pedestrian safety by increasing the number of elementary schools participating in the School Valet Drop Off program by five.
- In partnership with the Fire Department, provide specialized bio-hazard training and equipment to all Police Department first responders with special emphasis on tactical teams.

- Expand crime analysis outreach by providing more information on crime patterns and trends to the public through the Police department web site.
- Open the new jail and property warehouse facility, thereby consolidating all Police functions on one campus and enabling more efficient operations to meet the growing demands of a larger city.
- Complete the Automated Red Light enforcement program with full system build-out. Explore system expansion for the purpose of further reducing red-light related vehicle accidents.
- Enhance the Police Department crime laboratory with deoxyribonucleic acid (DNA)-capable equipment and trained technicians.
- Obtain the necessary Crime Lab certification needed to conduct DNA analysis for the purpose of matching evidentiary DNA against the State and Federal DNA data banks on homicide and sexual assault cases.
- Complete the restructuring of the Internal Affairs Unit to bring all internal affairs and citizen complaint investigations in line with new technology available for data preservation and tracking.
- Continue to seek out funding opportunities from State and Federal grants to increase the Department's ability to use new technology in our crime fighting efforts.
- Successfully complete the third and final year of the Office of Traffic Safety grant-funded programs and meet all grant goals and objectives.

### Police Sources of Funding

Fiscal 2002/03: \$41,805,851





**Police Expenditures**

Fiscal Year 2002/03

	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Estimated Actual	2001/02 Adjusted Budget	2002/03 Proposed Budget
Salaries & Benefits	\$27,669,583	\$28,952,759	\$28,916,780	\$32,067,355	\$33,288,735	\$35,157,798
Operating Expenditures	2,542,420	2,764,716	5,384,533	3,333,273	2,766,165	3,265,337
Capital Expenditures	397,325	671,757	913,061	391,472	287,785	126,771
Indirect Expense Allocation	n/a	n/a	n/a	3,586,023	3,587,296	3,928,553
Base Budget Reduction	n/a	n/a	n/a	n/a	n/a	(845,000)
<b>TOTAL EXPENDITURES</b>	<b>\$30,609,328</b>	<b>\$32,389,232</b>	<b>\$35,214,374</b>	<b>\$39,378,123</b>	<b>\$39,929,981</b>	<b>\$41,633,459</b>

**2001/02 Adjusted Budget:** For an explanation of the changes incorporated into the FY 2001/02 adjusted budget, please see page 81 of this document.

**Indirect Expense Allocation:** Beginning in FY 2001/02, indirect expense allocations charges are displayed in the department where the charges are incurred. Please see page 81 of this document for a more detailed explanation.

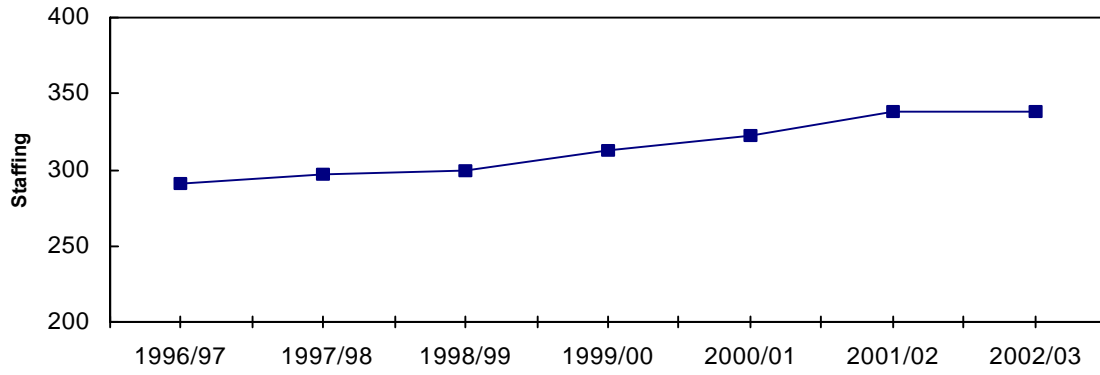
**Base Budget Reduction:** The FY 2002/03 proposed budget contains a savings component that effectively reduces the total appropriation.

**Major Budget Changes for FY 2002/03**

Salaries and benefits are increasing as a result of negotiated bargaining unit agreements. Because changes in the Expenditure Control Budgeting system (ECB) have reduced departmental capacity to fund ongoing expenditure items, the department requires increased funding to keep service commitments from prior years. Approximately \$1 million in position changes that previously had been funded with prior years' savings now must appear in the base budget to maintain current service levels. Similarly, the base budget is increasing by \$600,000 to maintain current services for which grants are expiring.

Operating expenditures are increasing by 2.53% to keep pace with inflation. The total allocation contains a budget reduction component that reduces the total budget appropriation by \$845,000. For FY 2000/02 and FY 2002/03, the department budget displays an indirect expense allocation for overhead charges that were displayed differently in prior years' budgets. This line item includes costs for information systems, vehicle replacement, workers' compensation insurance, and general liability insurance.

**Police Historical Authorized Staffing**



Staffing by Function  
Fiscal 2002/03

**Police**

**Chief's Office**

**Business Services**

Business Manager 1.0  
Executive Assistant .50  
Support Specialist 4.5

Police Chief 1.0  
Police Captain 1.0  
Police Officer 1.0  
Management Analyst III 1.0  
Executive Assistant 1.0

**Office of Professional  
Standards & Accountability**

Police Sergeant 2.0  
Executive Assistant 1.0

**Community Policing Patrol Teams**

Police Captain 1.0  
Police Lieutenant 6.0  
Police Sergeant 21.0  
Police Officer 133.0<sup>1</sup>  
Community Service Officer 16.0  
Police Dispatcher Supervisor 4.0  
Police Dispatcher 19.0<sup>2</sup>  
Police Communications Technician 2.0  
Executive Assistant 1.0  
Traffic Safety Manager 1.0

**Community Policing Support**

Police Captain 1.0  
Police Lieutenant 1.0  
Police Sergeant 5.0  
Police Officer 13.0<sup>4</sup>  
Background Investigator 1.0  
Computer Specialist 3.0  
Community Service Officer 2.0  
Community Engagement Specialist 3.75  
Police Records Administrator 1.0  
Police Records Supervisor 3.0  
Records Specialist 11.0  
Records Assistant 4.0  
Executive Assistant 1.0  
Support Specialist 5.0  
Animal Service Supervisor 1.0  
Animal Service Officer 6.0  
Veterinarian Technician 1.0

**Investigative Services**

Police Captain 1.0  
Police Lieutenant 1.0  
Police Sergeant 4.0  
Police Officer 25.0  
Community Service Officer 2.0  
Records Specialist 3.0<sup>3</sup>  
Crime Analysis Manager 1.0  
Crime Analyst 1.0  
Chief Forensic Specialist 1.0  
Identification Specialist I 2.0  
Forensic Specialist I 1.0  
Management Analyst II 1.0  
Police Property Technician 4.0  
Police Detention Tech Supervisor 4.0  
Police Detention Technician 12.0  
Executive Assistant 1.0

*Special Assistant 1.0\**  
*Public Service Assistants 39.0*  
*Police Aides 12.0*

<sup>1</sup> Includes 6 overhires

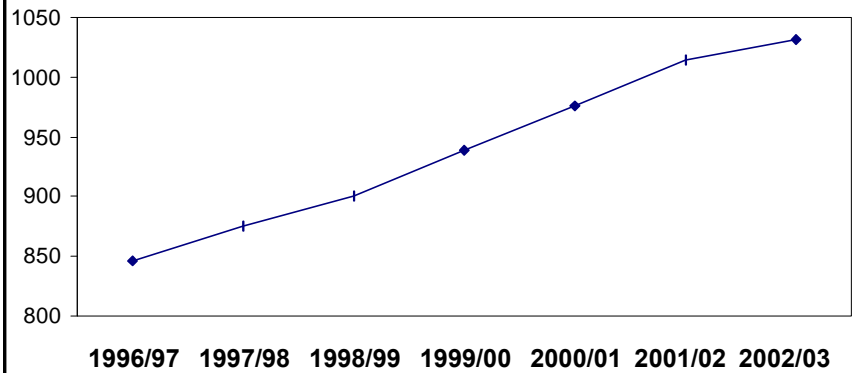
<sup>2</sup> Includes 1 overhire

<sup>3</sup> Includes 1 Record Specialist assigned to  
SACNET, Narcotic Enforcement Task Force

<sup>4</sup> Includes 11 School Resource Officers  
funded by Fremont Unified School District  
and City of Fremont

*\*Italics indicate temporary, part-time*

# Historical Authorized Staffing



<b>GENERAL GOVERNMENT</b>	<b>1996/97</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/00</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>
City Manager							
City Manager	6.25	8.20	8.70	12.00	12.00	4.00	4.00
Administrative Systems Office						4.50	4.00
Strategic Services						7.50	7.10
Economic Development	2.50	3.00	3.24	2.75	4.00	6.00	4.70
City Attorney	6.60	6.60	6.60	9.60	11.00	13.00	13.00
City Clerk	11.00	10.00	10.00	10.00	10.00	9.00	10.50
Finance	27.50	27.50	27.50	27.50	30.65	29.65	30.05
Information Systems	7.00	8.80	9.30	13.00	16.00	18.00	21.00
Human Resources	17.00	17.00	17.00	14.00	16.50	21.00	21.00
<b>TOTAL GENERAL GOV'T</b>	<b>77.85</b>	<b>81.10</b>	<b>82.34</b>	<b>88.85</b>	<b>100.15</b>	<b>112.65</b>	<b>115.35</b>
<b>PUBLIC SAFETY</b>							
Fire	190.00	190.00	202.00	202.00	205.00	176.20	176.00
Police	291.50	297.00	299.75	313.75	322.75	337.75	337.75
<b>TOTAL PUBLIC SAFETY</b>	<b>481.50</b>	<b>487.00</b>	<b>501.75</b>	<b>515.75</b>	<b>527.75</b>	<b>513.95</b>	<b>513.75</b>
<b>OTHER</b>							
Development & Environmental Svcs	103.75	118.50	122.00	120.25	122.70	146.80	147.70
Human Services	27.50	29.00	30.95	33.45	36.45	40.95	44.95
Maintenance & Recreation							
Maintenance	122.00	123.75	124.00	130.00	134.00	145.00	153.00
Recreation	32.10	34.10	37.10	37.10	39.10	38.60	40.25
Neighborhoods				14.00	15.30	16.05	17.35
Redevelopment	1.75	2.00	2.26				
<b>TOTAL OTHER</b>	<b>287.10</b>	<b>307.35</b>	<b>316.31</b>	<b>334.80</b>	<b>347.55</b>	<b>387.40</b>	<b>403.25</b>
<b>CITYWIDE TOTAL</b>	<b>846.45</b>	<b>875.45</b>	<b>900.40</b>	<b>939.40</b>	<b>975.45</b>	<b>1,014.00</b>	<b>1,032.35</b>

Position changes enable the City to maintain existing service levels. Only one of the position additions, a Support Specialist in the City Clerk's Office, is in the General Fund, and was created after the adoption of the FY 2001/02 budget by consolidating two existing part-time, temporary positions. All other positions were added in programs funded with special revenues, such as development fees, maintenance funds, or grants.

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
<b>CITY MANAGER</b>							
CITY MANAGER							
Administrative Aide					1.00		
Administrative Aide to the CM	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistant to the City Manager	1.00	1.00	1.00				
Assistant City Manager	1.00	1.00	1.00	1.00	1.00		
City Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Deputy City Manager	0.70	0.70	0.70				
HRPP Administrative Aide				1.00			
HRPP Project Manager				1.00			
HRPP Systems Analyst Programmer				1.00			
Intergovernmental Relations Coord				1.00	1.00		
Intergovernmental Relations Manager						1.00	1.00
Internal Auditor					1.00		
Management Analyst II		2.00	2.00	3.00	3.00		
Project Manager					1.00		
Senior Secretary	1.30	1.50	1.50	1.50	1.00		
Support Specialist						1.00	1.00
Typist Clerk II	0.25		0.50	0.50	1.00		
TOTAL	6.25	8.20	8.70	12.00	12.00	4.00	4.00
<b>ADMINISTRATIVE SYSTEMS OFFICE</b>							
Assistant City Manager/City Clerk						1.00	0.50
Management Analyst II						3.00	3.00
Support Specialist						0.50	0.50
TOTAL						4.50	4.00
<b>STRATEGIC SERVICES</b>							
Administrative Aide						1.00	
Deputy City Manager/Chief Finance Officer						1.00	0.60
Management Analyst II						3.00	3.00
Senior Manager						2.00	2.00
Support Specialist						0.50	1.50
TOTAL						7.50	7.10
<b>ECONOMIC DEVELOPMENT</b>							
Economic Development Director	1.00	1.00	0.75		0.75	0.75	0.75
Economic Development Manager				0.75			
Economic Development Specialist			0.75				
Economic Development Event Coordinator							0.75
Management Analyst I						1.75	
Management Analyst II	1.00	1.50	0.50	1.00	1.00	1.00	
Management Analyst III							1.00
Marketing & Communications Coord.						1.00	1.00
Operations Support Specialist			0.25				
Retail Development Manager							0.20
Retail Specialist/Mgmnt Analyst II					0.50	0.50	
Senior Secretary	0.50	0.50	0.50	0.50	1.00		
Special Events Coordinator/Mgmnt Analyst I					0.75		
Support Specialist						1.00	1.00
Typist Clerk II			0.50	0.50			

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
<b>CITY ATTORNEY</b>							
Administrative Aide	0.60	0.60					
Assistant City Attorney	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Attorney	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Legal Assistant	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Legal Secretary	1.00	1.00	1.00	1.00	1.00		
Operations Support Specialist				1.00			
Paralegal I			0.60	0.60	1.00		
Paralegal II							1.00
Risk Management Assistant				1.00	2.00	1.00	1.00
Risk Manager				1.00	1.00	1.00	1.00
Senior Deputy City Attorney II						1.00	1.00
Senior Deputy City Attorney	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Support Specialist						4.00	3.00
TOTAL	6.60	6.60	6.60	9.60	11.00	13.00	13.00
<b>CITY CLERK</b>							
Assistant City Manager/City Clerk							0.50
Clerk I	2.00	2.00					
Computer Graphics Technician	2.00	2.00	2.00	2.00	2.00		
Deputy City Clerk	2.00	2.00	2.00	2.00	2.00		
Deputy City Manager					1.00		
Lead Computer Graphics Tech	1.00	1.00	1.00	1.00	1.00		
Management Analyst II	1.00						
Microfilm Technician	1.00	1.00					
Senior Typist Clerk	1.00	1.00	4.00	4.00	4.00		
Support Specialist						9.00	10.00
TOTAL	11.00	10.00	10.00	10.00	10.00	9.00	10.50

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
<b>FINANCE</b>							
Accountant	2.00	2.00	2.00	2.00	2.00	3.00	4.00
Accounting Services Manager					1.00	1.00	1.00
Assistant Financial Svcs Dir	1.00	1.00	1.00	1.00			
Budget Manager	1.00	1.00	1.00	1.00			
Budget Analyst	1.00	1.00	1.00	1.00			
Budget Officer					2.00	2.00	
Budget Officer/Accounting							1.00
Budget Officer/Assistant to the DCM/CFO							1.00
Business Manager	1.00						
Chief Financial Officer						1.00	1.00
Clerk II					1.00		
Deputy City Manager							0.40
Finance Assistant I					1.00		
Finance Assistant II	8.00	10.00	9.00	9.00	10.00		
Finance Assistant III	2.50	1.50	3.50	3.50	4.65		
Financial Services Director	1.00	1.00	1.00	1.00			
Financial Services Manager					1.00	1.00	1.00
Financial Services Supervisor		1.00					
Junior Accountant					2.00	3.00	3.00
Operations Supervisor					2.00	2.00	2.00
Revenue and Treasury Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Revenue/Collector Auditor	1.00	1.00					2.00
Sales Tax Manager			1.00	1.00			
Senior Accountant	2.00	2.00	2.00	2.00	1.00	1.00	
Senior Finance Assist	4.00	4.00	4.00	4.00	1.00		
Senior Secretary	1.00						
Support Specialist						13.65	11.65
Systems Analyst/Programmer	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL	27.50	27.50	27.50	27.50	30.65	29.65	30.05

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
<b>INFORMATION SYSTEMS</b>							
Assistant Planner						1.00	
Chief Technology Officer						1.00	1.00
Computer Network Administrator	1.00	1.00	1.00	1.00	1.00	1.00	
Computer Specialist	3.00	3.00	3.00	4.00	4.00	4.00	5.00
Deputy City Manager	0.30	0.30	0.30				
DP/Telecommunication Tech	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Engineering Specialist						1.00	
GIS Engineering Specialist				1.00			
GIS Manager				1.00	1.00		
Information Systems Applications Specialist III							3.00
Information Systems Manager		1.00	1.00	1.00	1.00		
Management Analyst II		1.00	1.00	1.00	1.00	1.00	1.00
Network Administrator							2.00
Senior Programmer Analyst						2.00	2.00
Senior Secretary	0.20						
Support Specialist						1.00	1.00
Systems Analyst/Programmer	1.00	1.00	1.00	2.00	6.00	5.00	5.00
Typist Clerk II	0.50	0.50	1.00	1.00	1.00		
TOTAL	7.00	8.80	9.30	13.00	16.00	18.00	21.00



	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
<b>HUMAN RESOURCES</b>							
Deputy Director/Employment Program Manager							1.00
Employee Resources Analyst			2.00				
Employee Resources Assistant			2.00				
Employee Resources Director			1.00				
Employee Res Mgr/Labor Rel Off			1.00				
Human Resources Analyst		2.00					1.00
Human Resources Assistant		2.00					
Human Resources Director	1.00	1.00					1.00
Labor Relations Officer	1.00	1.00		1.00	1.00	1.00	2.00
Management Analyst I					1.00	1.00	
Management Analyst II					1.00	1.00	1.00
Operations Support Specialist	4.00	4.00	3.00	2.00	2.00		
Payroll/Benefits Manager						1.00	1.00
Personnel Analyst	2.00			2.00	1.00	1.00	
Personnel Assistant	2.00			3.00	3.00		
Personnel Director				1.00	1.00		
Personnel Manager						1.00	
Risk Management Assistant	1.00	1.00	1.00				
Risk Manager	1.00	1.00	1.00				
Senior Employee Resources Analyst			2.00				
Senior Human Resources Analyst		2.00					
Senior Personnel Analyst	2.00			2.00	2.00	1.00	
Senior Secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior Typist Clerk		0.50	1.50	0.50	0.50		
Support Specialist						13.00	12.00
Training Assistant	1.00	1.00	1.00	1.00			
Typist Clerk II	1.00	0.50	0.50	0.50	3.00		1.00
TOTAL	17.00	17.00	17.00	14.00	16.50	21.00	21.00

**DEVELOPMENT & ENVIRONMENTAL SERVICES**

Administrative Aide	3.00	3.00	3.00	1.00			
Administrative Clerk	1.00	1.00	1.00	1.00			
Assistant City Engineer	1.00	2.00		1.00			
Assistant City Engineer/Special Projects			1.00		1.00	1.00	1.00
Assistant City Manager				0.70	0.70	0.70	0.70
Assistant Civil Engineer	2.00	2.00	1.00	2.00	2.00	2.00	3.00
Assistant Landscape Architect							2.00
Assistant Planner	3.00	4.00	5.00	5.00	5.00	4.00	2.00
Assistant to the Real Property Agent		0.50					
Assistant Transportation Eng	3.00	4.00	3.00	3.00	2.00	2.00	2.00
Associate Civil Engineer	3.50	5.50	5.50	6.00	7.00	8.50	8.50
Associate Landscape Architect			1.00	1.00	1.00	2.00	2.00
Associate Planner	4.00	4.00	5.00	5.00	5.00	5.00	5.00
Associate Transportation Eng	2.00	2.00	3.00	3.00	3.00	4.00	4.00
Building & Safety Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Building Inspector	7.00	7.00	8.00	8.00	8.00	10.00	10.00
Building Inspector Specialist	6.00	7.00	8.00	8.00	8.00	9.00	9.00
Chief of Party	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Chief Plan Check Engineer	1.00	1.00	1.00	1.00			
City Engineer	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Planner		1.00					
City Planner/Planning Manager			1.00	1.00	1.00	1.00	1.00
Code Enforcement Officer I					1.00		1.00
Code Enforcement Officer II	3.25	5.00	5.00	5.00	3.00	5.00	4.00
Community Preservation Manager						1.00	1.00
Construction Coordinator	2.00	2.00	2.00	2.00			
Construction Inspector						1.00	1.00
Construction Materials Inspector	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Deputy DES Director				0.55			
Deputy Director of Dev and Env Services							1.00
Development & Environ Svcs Dir	1.00	1.00	1.00				
Development & Environ Svcs Manager						1.00	
Development Assistant	4.00	5.00	4.00	4.00	5.00		
Development Graphics & Mapping Tech		1.00	1.00	1.00	1.00	1.00	1.00
Development Services Supervisor	1.00	1.00	1.00	2.00	2.00	2.00	2.00
Earthquake Retrofit Manager			1.00	1.00			
Engineering Specialist	3.00	4.00	3.00	1.00	1.00	1.00	1.00
Engineering Technician I	1.00	1.00	1.00	1.00			
Engineering Technician II					1.00	1.00	1.00
Environmental Services Manager			1.00	1.00	1.00	1.00	1.00
Environmental Specialist I							1.00
Environmental Specialist II						1.50	2.00
Housing Development Manager	1.00	1.00	1.00				
Housing Director	1.00	1.00	1.00				
Housing Program Analyst		0.50	0.50				
Housing Technician							

Internet Specialist			0.50	0.50	0.50		
Junior Civil Engineer			1.00	1.00	2.00	3.00	2.00
Junior Landscape Architect				1.00	1.00	1.00	
Junior Planner	3.00	3.00	2.00	2.00	2.00	3.00	4.00
Junior Traffic Engineer				1.00			
Junior Transportation Engineer					2.00	3.00	3.00
Management Analyst I		0.50	0.50	0.50	1.50	1.60	2.00
Management Analyst II	3.00	3.50	1.50	2.00	2.00	2.00	2.00
Management Analyst III			1.00	1.00	1.00	1.00	1.00
Neighborhood Project Manager	1.00						
Neighborhood Resources Manager		1.00	1.00				
Operations Support Specialist	1.00	1.00	1.50	1.50	1.50		
Plan Check Engineer	4.00	5.00	6.00	6.00	5.00	8.00	8.00
Plan Checker	1.00	1.00					
Planning Tech	1.00						
Plans & Permits Manager					1.00	1.00	1.00
Real Property Agent	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Real Property Manager				1.00	1.00	1.00	
Recycling Coordinator	1.00						
Secretary	1.00	1.00					
Senior Civil Engineer	3.00	3.00	4.00	4.00	4.00	4.00	3.00
Senior Code Enforce Officer	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior Construction Insp	4.00	4.00	4.00	4.00	4.00	5.00	5.00
Senior Engineering Spec	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Senior Landscape Arch	1.00	1.00					
Senior Planner	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Senior Secretary	1.00	1.00	2.00	2.00	2.00		
Senior Structural Plan Check Engineer					1.00	1.00	1.00
Senior Transportation Engineer					1.00	2.00	2.00
Senior Typist Clerk	3.00	3.00	3.00	3.00	5.00		
Supervising Building Inspector	2.00	2.00	2.00	2.00	2.00	3.00	3.00
Supervising Code Enforcement Officer					1.00		
Supervising Construction Coordinator					2.00	2.00	2.00
Support Specialist						24.50	23.50
Survey Instrument Operator	1.00	1.00	1.00	1.00	1.00	1.00	1.00
System Analyst/Programmer	1.00	1.00	1.00				
Traffic & Transportation Manager							1.00
Transportation Engineer	1.00	1.00	1.00	1.00	1.00	1.00	
Typist Clerk II	6.00	7.00	7.00	7.50	6.50		
Urban Runoff Coordinator						1.00	1.00
Waste Reduction & Recyc Coord		1.00	1.00	1.00	1.00	1.00	1.00
Zoning Tech			1.00	1.00	1.00	1.00	1.00
TOTAL	103.75	118.50	122.00	120.25	122.70	146.80	147.70

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
<b>FIRE</b>							
Asst Business Manager/Mgmt Analyst I					1.00	1.00	
Battalion Chief	5.00						
Business Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clinical Nurse Educator							2.00
Clinical Supervisor						2.00	
Code Enforcement Officer II	1.00	1.00	1.00	1.00	1.00	1.00	
Development Assistant	1.00	1.00	1.00				
Division Chief		5.00	5.00	5.00	5.00	5.00	5.00
Education Coordinator						1.00	1.00
Fire Captain	52.00	52.00	61.00	61.00	61.00	51.00	51.00
Fire Chief	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire Communication Dispatcher	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Fire Engineer	48.00	48.00	51.00	51.00	51.00	41.00	41.00
Fire Fighter	61.00	61.00	61.00	61.00	61.00	49.00	49.00
HAZ-Mat Program Manager						1.00	1.00
HAZ-Mat Tech	4.00	4.00	4.00	4.00	4.00	3.00	3.00
Management Analyst I							1.00
Management Analyst III	1.00	1.00	1.00	1.00	1.00		
Nurse					2.00		
Operations Support Specialist		1.00	1.00	4.00	4.00		
Secretary	1.00						
Senior Code Enforcement Officer							1.00
Senior Secretary	1.00	1.00	1.00	1.00	1.00		
Senior Typist Clerk	1.00	1.00	1.00				
Support Specialist						8.20	8.00
Typist Clerk II	1.00	1.00	1.00				
<b>TOTAL</b>	<b>190.00</b>	<b>190.00</b>	<b>202.00</b>	<b>202.00</b>	<b>205.00</b>	<b>176.20</b>	<b>176.00</b>

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
<b>HUMAN SERVICES</b>							
Administrative Aide	2.00	1.75	2.00	2.00	1.00		
Assistant Chef	0.75	0.75	1.00	1.00			
Case Manager	3.50	4.20	4.70	5.70	5.70	7.70	7.95
CDBG Coordinator							1.00
Chef/Food Svcs Mgr	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Clinical Supervisor	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Counselor	4.75	4.75	4.75	6.75	6.75	6.75	7.00
Deputy Human Services Director							1.00
Family Resource Center Administrator					1.00	1.00	1.00
Family Services Administrator		2.00	2.00	2.00	2.00	2.00	2.00
Housing Counselor	1.00	1.00	1.00				
Housing Develop Specialist	1.00	1.00	1.00	1.00	1.00	1.00	
Human Services Aide			0.75				
Human Services Director	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Management Analyst I					1.00	1.00	
Management Analyst II	1.00	1.00	1.00	1.00	1.00	2.00	3.00
Management Analyst III	1.00	1.00	1.00	1.00	1.00	1.00	
Program Coordinator	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Senior Center Manager							1.00
Senior Citizens Center Administrator	1.00						
Senior Secretary	1.00	1.00	1.00		1.00		
Senior Typist Clerk	2.50	2.55	3.75	5.00	6.00		
Support Specialist						11.50	13.00
Typist Clerk II	1.00	1.00	1.00				
YFCS Administrator	1.00	1.00					
Youth Employment Program Assistant				2.00	2.00		
<b>TOTAL</b>	<b>27.50</b>	<b>29.00</b>	<b>30.95</b>	<b>33.45</b>	<b>36.45</b>	<b>40.95</b>	<b>44.95</b>

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
<b>MAINTENANCE &amp; RECREATION</b>							
MAINTENANCE							
Auto Equipment Mechanic	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Auto Parts & Maint Coord	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Building Maintenance Specialist				1.00	1.00	1.00	1.00
Building Trades Field Supervisor							3.00
Building Trades Superintendent							1.00
Building Trades Supervisor	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Building Trades Worker I	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Building Trades Worker II	4.00	4.00	4.00	4.00	4.00	11.00	15.00
Building Trades Worker III	6.00	6.00	6.00	6.00	6.00	6.00	3.00
Deputy Director, Maintenance		1.00	1.00	1.00	1.00	1.00	1.00
Fleet Superintendent	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Heavy Equipment Mechanic	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Lead Equipment Mechanic	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance Coord Clerk	1.00						
Maintenance & Recreation Services Director					0.50	0.50	0.50
Management Analyst II	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Management Analyst III	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Mechanic Assistant	2.00	2.00	2.00	2.00	2.00	3.00	3.00
Operations Support Specialist					1.00		
Park Equipment Mechanic	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Park Field Supervisor	6.00	6.00	6.00	7.00	9.00	9.00	9.00
Park Irrigation Specialist	1.00	1.00	1.00	1.00			
Park Maintenance Supervisor						2.00	2.00
Park Maintenance Worker I	31.00	30.00	30.00	32.00	33.00	33.00	34.00
Park Maintenance Worker II	20.00	22.00	22.00	23.00	23.00	24.00	24.00
Park Superintendent	2.00	2.00	2.00	2.00	2.00	1.00	1.00
Public Buildings Superintendent	1.00	1.00	1.00	1.00	1.00	1.00	
Public Works Operations Eng	1.00						
Secretary	1.00	1.00					
Senior Secretary			1.00	1.00	0.50		
Senior Typist Clerk	1.00	1.00	1.00	1.00	1.00		
Street Field Supervisor	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Street Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00		1.00
Street Maintenance Supt	1.00	1.00	1.00	1.00	1.00	2.00	1.00
Street Maintenance Worker I	8.00	8.00	8.00	8.00	8.00	9.00	11.00
Street Maintenance Worker II	14.00	14.00	14.00	15.00	15.00	14.00	15.00
Support Specialist						7.50	7.50
Typist Clerk II	1.00	2.75	3.00	3.00	4.00		
TOTAL	122.00	123.75	124.00	130.00	134.00	145.00	153.00

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
RECREATION							
Associate Planner	1.00	1.00					
Business Manager			1.00	1.00	1.00	1.00	1.00
Deputy Director Leisure Programs	1.00	1.00	1.00	1.00	1.00		
Deputy Director, Recreation Services						1.00	1.00
General Recreation Supervisor	3.00	3.00	3.00				
Maint & Recreation Services Dir	1.00	1.00	1.00	1.00	0.50	0.50	0.50
Maintenance Coord Clerk		1.00					
Management Analyst II			1.00	1.00	1.00	1.00	1.00
Management Analyst III	1.00	1.00					
Operations Support Specialist			1.00	1.00	1.00		
Park Planning Manager			1.00	1.00	1.00	1.00	1.00
Park Ranger	4.00	4.00	5.00	5.00	6.00	6.00	6.00
Recreation Supt				3.00	3.00	3.00	3.00
Recreation Supervisor	4.00	6.00	7.00	7.00	6.00	6.00	7.00
Recreation & Facilities Supply Spec	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Recreation & Facilities Supply Wkr					1.00	1.00	1.00
Senior Recreation Leader	7.50	6.50	6.50	6.50	7.50	7.00	7.00
Senior Secretary	1.00	1.00	1.00	1.00	0.50		
Senior Typist Clerk	2.00	2.00	2.00				
Supervising Park Ranger	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Support Specialist						5.50	5.50
Tennis Lesson Supervisor		1.00	1.00	1.00	1.00	1.00	
Tennis Operations Supervisor							1.00
Tiny Tot Specialist	2.60	2.60	2.60	2.60	2.60	2.60	3.25
Typist Clerk II	2.00	1.00	1.00	3.00	4.00		
TOTAL	32.10	34.10	37.10	37.10	39.10	38.60	40.25

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
<b>NEIGHBORHOODS</b>							
Administrative Aide				1.00	1.00	1.00	
Assistant City Manager				0.30	0.30	0.30	0.30
Business Manager					1.00	1.00	1.00
Community Engagement Specialist							0.75
Deputy DES Director				0.45			
Deputy Director/Housing						1.00	
Deputy RDA Director							1.00
Economic Development Director					0.25	0.25	0.25
Economic Development Manager				1.00			
Economic Development Event Coordinator							0.25
Financial Analyst				1.00			
Housing Counselor				2.00	2.00	1.00	1.00
Housing Development Analyst				1.00			
Housing Development Manager				1.00			1.00
Housing Director				1.00	1.00		
Housing Programs Coordinator						1.00	1.00
Neighborhood Organizer						0.75	
Neighborhood Resource Manager				1.00	1.00	1.00	1.00
Operations Support Specialist				1.00	1.00		
Project Area Manager				1.00			
Redevelopment Agency Director					1.00	1.00	1.00
Redevelopment Coordinator				1.00			
Redevelopment & Housing Project Manager					4.00	4.00	3.00
Retail Development Manager							0.80
Retail Specialist/Mgmt Analyst II					0.50	0.50	
Senior Secretary				1.00	1.00		
Special Events Coordinator/Mgmt Analyst I					0.25	0.25	
Support Specialist						3.00	5.00
Typist Clerk II				0.25	1.00		
TOTAL	0.00	0.00	0.00	14.00	15.30	16.05	17.35
<b>REDEVELOPMENT</b>							
Economic Development Director			0.25				
Economic Development Specialist			0.26				
Operations Support Specialist		1.00	0.75				
Redevelopment Coordinator	1.00	1.00	1.00				
Typist Clerk II	0.75						
TOTAL	1.75	2.00	2.26	0.00	0.00	0.00	-



<b>POLICE</b>	<b>1996/97</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/00</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>
Animal Services Administrator			1.00	1.00	1.00		
Animal Services Officer	5.00	5.00	5.00	6.00	7.00	6.00	6.00
Animal Services Supt	1.00	1.00					
Animal Services Supv	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Background Investigator						1.00	
Business Manager			1.00	1.00	1.00	1.00	1.00
Chief Forensic Specialist				1.00	1.00	1.00	1.00
Code Enforcement Officer				1.00	1.00		
Community Engagement Specialist							3.75
Community Service Officer	16.00	18.00	18.00	21.00	22.00	23.00	20.00
Computer Specialist	1.00	1.00	1.00	3.00	3.00	3.00	3.00
Crime Analyst							1.00
Crime Analysis Manager		1.00	1.00	1.00	1.00	1.00	1.00
Dispatch Call Taker				2.00	2.00		
Forensic Specialist I						2.00	1.00
Forensic Specialist II						1.00	
Identification Specialist I					1.00		2.00
Identification Specialist II	1.00	1.00	1.00	1.00	1.00		
Identification Specialist III	1.00	1.00	1.00				
Management Analyst I	1.00	1.00					
Management Analyst II		1.00	2.00	2.00	2.00	1.00	1.00
Management Analyst III	2.00	1.00				1.00	1.00
Neighborhood Organizer						0.75	
Operations Support Specialist	3.00	3.00	4.75	4.75	4.75		
Police Captain	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Police Chief	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police Communication Disp Supv	4.00				4.00	4.00	4.00
Police Communication Dispatcher	18.00				18.00	18.00	18.00
Police Communication Technician		18.00	18.00	18.00		2.00	2.00
Police Communication Technician Supv		4.00	4.00	4.00			
Police Detention Tech	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Police Detention Technician Supv	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Police Lieutenant	6.00	6.00	6.00	6.00	7.00	8.00	8.00
Police Officer	153.50	155.00	156.00	160.00	163.00	167.00	167.00
Police Records Administrator	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police Records Specialist	15.00	15.00	14.00	15.00	16.00		
Police Sergeant	27.00	29.00	29.00	30.00	30.00	31.00	32.00
Property Technician	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Secretary	4.00	2.00					
Senior Police Records Clerk				3.00			
Senior Police Records Specialist	3.00	3.00	4.00		3.00		
Senior Secretary		1.00	4.00	5.00	5.00		
Senior Typist Clerk	4.00	5.00	3.00	2.00	2.00		
Support Specialist						37.00	36.00
Traffic Enforcement Project Manager						1.00	1.00
Veterinarian Technician						1.00	1.00
<b>TOTAL</b>	<b>291.50</b>	<b>297.00</b>	<b>299.75</b>	<b>313.75</b>	<b>322.75</b>	<b>337.75</b>	<b>337.75</b>
<b>CITY TOTAL</b>	<b>846.45</b>	<b>875.45</b>	<b>900.40</b>	<b>939.40</b>	<b>975.45</b>	<b>1,014.00</b>	<b>1,032.35</b>

## General Fund Contingency Reserve

City Council policy is to maintain a contingency reserve for operations to help mitigate effects of unanticipated situations such as the following:

- a) Economic downturns
- b) Loss of revenues to or imposition of additional costs by other governmental agencies
- c) Errors in financial forecasting
- d) Natural disasters

The contingency reserve would serve as back-up liquidity to the Risk Management Fund if such an unanticipated need would arise.

The contingency reserve is funded at a level at least equal to 12.5% of annual operating expenditures and transfers out. All uses of the contingency reserve must be approved by the City Council. Any such uses are to be repaid to the contingency reserve over a period of no more than three years. (Adopted by the City Council on June 4, 1996.)

## General Fund Program Investment Reserve

City Council policy is to maintain a program investment reserve to provide a source of working capital for the following:

- a) New programs or undertakings that have the potential for receiving significant funding from outside sources.
- b) Organization retooling, process improvement and strategic entrepreneurial opportunities.

The program investment reserve is funded at a level at least equal to 2.5% of annual operating expenditures and transfers out. All uses of the program investment reserve will be approved by the City Council. Any such uses are to be repaid to the program investment reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years. (Adopted by the City Council on June 4, 1996.)

## General Fund Budget Uncertainty Reserve

The Budget Uncertainty Reserve is a temporary reserve established this fiscal year. Its purpose is to fund shortfalls that result from actual revenues that do not meet budgeted revenues and/or the inability of departments to maintain service levels with the established budget reduction. The initial funding of this reserve shall be \$6.2 million. The City Manager is authorized to transfer funds from this reserve to cover the shortfall conditions described above. The unspent portion of the reserve will be reconsidered each year for continuation or elimination. If eliminated, the unspent funds will be designated for capital projects, budgeted for service enhancement, or returned to the General Fund available fund balance. (Proposed to be adopted by the City Council on June 4, 2002.)

**Development Cost Center Contingency Reserve**

A healthy Development Cost Center fund balance supports effective delivery of development services. City Council policy is to maintain a Development Cost Center contingency reserve for operations to help mitigate the effects of economic downturns and errors in financial forecasting. The contingency reserve is funded at a level at least equal to 15% of the annual operating expenditures for engineering, planning, and building and safety. All uses of the contingency reserve must be approved by the City Manager. Any such uses are to be repaid to the contingency reserve over a period of no more than three years. (Adopted by the City Council on June 3, 1997.)

**Development Cost Center Technology and System Improvement Reserve**

The City Council may appropriate an annual contribution from the Development Cost Center to a Development Cost Center technology and system improvement reserve to provide a source of capital for the following:

- Ongoing hardware and software acquisition
- Technology investment
- System improvement

The technology and system improvement reserve was funded initially at a level of \$1 million. This level of reserve is maintained to the extent market conditions and revenues permit. The City Manager recommends annually an amount to be contributed to such a reserve. All uses of the reserve must be approved by the City Manager. (Adopted by the City Council on June 3, 1997.)

**Development Cost Center Spending Authorization**

When quarterly fee revenue estimates exceed amounts estimated at the time of budget adoption due to increases in development and fee activity, the Assistant City Manager/Development and Environmental Services Manager is authorized to increase appropriations for current year expenditures with approval of the City Manager. Increased appropriations shall not exceed the amount of the increase in estimated revenues. When revenue estimates are less than amounts estimated at the time of budget adoption, the department head will submit plans to the City Manager for reduction of expenditures consistent with the expected decrease in estimated revenues. (Included in the annual budget resolution in prior years and adopted by the City Council on June 3, 1997.)

**Development Cost Center Unallocated Fund Balance**

When annual fee revenues exceed expenditures and amounts needed to maintain the Development Cost Center reserves at planned levels, the

Development and Environmental Services department will evaluate the development fee structure during the subsequent fiscal year. The evaluation will take into account equity to fee payers, changes in fee structures to encourage compliance with safety codes, economic forecasts for development and maintenance of responsive, high quality customer services. The purpose of this evaluation will be to develop recommendations regarding possible reductions in fee levels which would be funded through use of the unallocated fund balance for the budget year which begins twelve months after the end of the fiscal year which results in an unallocated fund balance. (Adopted by the City Council on June 3, 1997.)

### **Integrated Waste Management Contingency Reserve**

City Council policy is to maintain an Integrated Waste Management contingency reserve of \$2,000,000 to support post disaster debris management. In the event of a natural disaster, this will provide a source of funds for disaster response and clean up efforts with the objective of recycling, reusing or otherwise diverting disaster debris from the landfill to the greatest extent possible. The reserve will fund immediate response and recovery activities, support local diversion policy goals, conserve valuable natural resources, preserve landfill space and possibly decrease recovery time. (Adopted by the City Council on June 1, 1999.)

### **Integrated Waste Management Unallocated Fund Balance**

The unallocated Integrated Waste Management fund balance will be maintained primarily to offset expected additional transportation costs during the period between the Tri-Cities Recycling and Disposal Facility closure and the termination of the current disposal agreement (known as the “gap period,” estimated between December 2001 and August 2004). Once the gap period is ended or there is determined to be no need for a gap period fund, the fund balance will be evaluated to determine whether adjustments in fee levels may be warranted. (Adopted by the City Council on June 1, 1999.)

### **Solid Waste Disposal Rate Stabilization Funds**

The Solid Waste Disposal Rate Stabilization Fund, funded through solid waste collection fees, serves as a mechanism for managing rate fluctuations over time and offsetting contingent liabilities related to meeting the City’s long-term disposal needs. It also provides funds for the possible planning, site acquisition and design of a future recyclable diversion/transfer station. Once the City has secured a long-term disposal solution, this fund will be evaluated for continuation. (Adopted by the City Council on June 1, 1999.)

### **Urban Runoff Clean Water Program Unallocated Fund Balance**

Unallocated Urban Runoff Clean Water Program funds will be used to support a multi-year focused watershed management program to enhance

the Regional Water Quality Control Board's storm water quality standards. Program components may include erosion control, community education and storm water management techniques to improve the quality of water through the watershed. The unallocated fund balance will be evaluated on a biennial basis as to the levels necessary to support project objectives. (Adopted by the City Council on June 1, 1999.)

### **Urban Runoff Clean Water Program Contingency Reserve**

City Council policy is to maintain a \$300,000 contingency to respond to unfunded events such as changes in law, new initiatives, fluctuating program costs and changing program requirements. The contingency fund balance will be evaluated on a biennial basis to determine if the level is appropriate. (Adopted by the City Council on June 1, 1999.)

### **Recreation Cost Center Contingency Reserve**

City Council policy is to maintain a Recreation Cost Center contingency reserve for operations to help mitigate the effects of economic downturns and natural disasters, to maintain full-time staffing levels during temporary loss of program facilities, and to deliver prepaid recreation services. The contingency reserve will be funded at a level at least equal to 25% of the Recreation Division's annual operating expenditures. All uses of the contingency reserve will be approved by the City Manager. Any such uses will be repaid to the contingency reserve over a period of no more than three years. (Adopted by the City Council on June 3, 1997.)

### **Recreation Cost Center Operating Improvement Reserve**

City Council may appropriate an annual contribution from the Recreation Cost Center to the Recreation Cost Center operating improvement reserve to provide a source of capital for the following:

- Ongoing hardware and software acquisition;
- Capital and/or technology investment;
- Process improvement and organizational retooling; and
- Entrepreneurial program opportunities that have the potential to generate revenues to cover expenditures within a three-year period.

The operating improvement reserve was funded initially at a level of \$1 million. This level of reserve is maintained to the extent market conditions and revenues permit. The City Manager will recommend annually an amount to be contributed to such a reserve. All uses of the reserve will be approved by the City Manager. (Adopted by the City Council on June 3, 1997.)

### **Recreation Cost Center Spending Authorization**

When quarterly fee revenue estimates exceed amounts estimated at the time of budget adoption because of increases in recreation fee activity, the Maintenance and Recreation Services Director will be allowed to increase appropriations for operating expenditures with the approval of the City Manager. Increased appropriations shall not exceed the amount of the increase in estimated revenues. When revenue estimates are less than

amounts estimated at the time of budget adoption, the department head will submit plans to the City Manager for reduction of expenditures consistent with the expected decrease in estimated revenues. (Adopted by the City Council on June 3, 1997.)

### **Short-Term Operating Debt**

The expenses associated with the day-to-day operations of the City will be covered by current revenues. However, because the City receives the majority of its property tax revenues at two times during the year and sales tax revenues may fluctuate during the year, the City may experience temporary cash shortfalls. In order to finance these temporary cash shortfalls, the City may incur short-term operating debt [typically, Tax and Revenue Anticipation Notes (TRANS)]. The amount of the short-term operating debt will be based on cash flow projections for the fiscal year and will comply with applicable federal and State regulations. Operating revenues will be pledged to repay the debt, which will generally be repaid in one year or less. The costs of such borrowings will be minimized to the greatest extent possible. (Adopted by the City Council on February 26, 1996 and reaffirmed on July 7, 1998.)

### **Long-Term Capital Debt**

The long-term capital debt policy sets the parameters for issuing debt and provides guidance in the timing and structuring of long-term debt commitments. In addition to this policy, there is a separate policy for land-based financings (typically, Mello-Roos community facility districts and local improvement districts) and debt issued by the redevelopment agency. A separate policy will be developed for debt issued by the redevelopment agency. The City will consider the issuance of long-term obligations under the following conditions:

1. The City will use debt financing only for one-time capital improvement projects and unusual equipment purchases, and only under the following circumstances:
  - a. When the project is included in the City's five-year capital improvement program and is in conformance with the City's general plan.
  - b. When the project is not included in the City's five-year capital improvement program, but it is an emerging critical need whose timing was not anticipated in the five-year capital improvement program, or it is a project mandated immediately by State or federal requirements.
  - c. When the project's useful life, or the projected service life of the equipment, will be equal to or exceed the term of the financing.
  - d. When there are designated revenues sufficient to service the debt, whether from project revenues, other specified and reserved resources, or infrastructure cost-sharing revenues.

- e. Debt financing (other than tax and revenue anticipation notes) is not considered appropriate for any recurring purpose such as current operating and maintenance expenditures.
- 2. The project priority process used in developing the City's five-year capital improvement program, including criteria used in evaluating projects and project viability, will be reviewed by the City Council as part of the biennial update of the five-year capital improvement program.
- 3. The following criteria will be used to evaluate pay-as-you-go versus long-term debt financing in funding capital improvements:
  - a. Factors which favor pay-as-you-go:
    - (1) Current revenues and adequate fund balances are available.
    - (2) Project phasing is feasible.
    - (3) Debt levels would adversely affect the City's credit rating.
    - (4) Market conditions are unstable or present difficulties in marketing.
  - b. Factors which favor long-term financing:
    - (1) Revenues available for debt service are considered sufficient and reliable so that long-term financing can be marketed with an appropriate credit rating.
    - (2) The project for which financing is being considered is of the type that will allow the City to maintain an appropriate credit rating.
    - (3) Market conditions present favorable interest rates and demand for municipal financings.
    - (4) A project is mandated by State or federal requirements and current revenues and fund balances are insufficient to pay project costs.
    - (5) A project is immediately required to meet or relieve capacity needs.
    - (6) The life of the project or asset financed is five years or longer.

4. The following will be considered in evaluating appropriate debt levels:
  - a. General fund supported debt service will not exceed 7% of total general fund budgeted expenditures and transfers out.
  - b. The general fund may be used to provide back-up liquidity to improve the viability of a self-supported debt issue (i.e., **not** land-based or redevelopment agency financings), but only if the general fund is not exposed to significant risk of loss of assets or impairment of liquidity. This evaluation of risk will consider such things as the following:
    - (1) Volatility and collectibility of the revenue source identified for repayment of the debt.
    - (2) The likelihood the general fund would be reimbursed within one year for any payments it might potentially need to make in its role as back-up guarantor.

If the City Council determines the risk of loss of assets or impairment of liquidity to the general fund to be relatively minimal, self-supported debt service for debt that relies on the general fund as a back-up guarantor will not exceed 7% of general fund budgeted expenditures and transfers out. This limitation is separate from and in addition to the debt limitation for general fund supported debt service described in Section 4.a., above.
5. The costs of developing and maintaining a land-based long-term debt policy will be borne by the development community which uses this type of financing.
6. The costs of developing and maintaining a redevelopment agency long-term debt policy will be borne by the redevelopment agency and will be developed in conjunction with amendments to existing redevelopment project area plans and/or new proposals to issue debt by the redevelopment agency.
7. The City will follow all State and federal regulations and requirements regarding bond provisions, issuance, taxation and disclosure.
8. The adoption of resolutions of intent will be considered whenever bond issuance is contemplated to increase the flexibility related to funding costs related to the project (e.g., project development costs, architectural costs, studies, etc.)
9. Costs incurred by the City, such as bond counsel and financial advisor fees, printing, underwriters' discount, and project design and construction costs, will be charged to the bond issue to the extent allowable by law.



10. The City will seek credit enhancements, such as letters of credit or insurance, when necessary for cost-effectiveness.
11. The City will monitor compliance with bond covenants and adhere to federal arbitrage and disclosure regulations. Any instances of noncompliance will be reported to the City Council
12. The City will seek to maintain its current bond rating and will ordinarily not consider long-term debt that, through its issuance, would cause the City's bond rating to be lowered.
13. The City will maintain good communications with bond rating agencies about its financial condition and will follow a policy of full disclosure in every financial report and bond prospectus (Official Statement).
14. The City will generally conduct financings on a competitive basis; however, negotiated financings may be used where market volatility or the use of an unusual or complex financing or security structure is a concern with regard to marketability.
15. The City will select a financial advisor and/or investment banker and bond counsel on a competitive basis; these advisors will be retained for at least four years to provide continuity and allow them to develop an understanding of the City's needs. Other outside service providers may be selected by developers or owners, subject to the City's approval. Trustees and/or paying agents will be selected by competitive bid.
16. Interfund borrowing will be considered to finance high priority needs on a case-by-case basis, only when planned expenditures in the fund making the loan would not be affected. Interfund borrowing may be used when it would reduce costs of interest, debt issuance, and/or administration.
17. The term of the long-term debt instrument will not exceed the legal life of the asset or thirty years, whichever is less.
18. Bond proceeds will be invested in accordance with the provisions of the bond indenture. Funds set aside for debt service will only be used for that purpose.
19. In choosing the appropriate long-term debt instrument, cost, economic equity, political acceptability, and flexibility will be considered. Refundings will be considered to reduce interest costs or principal outstanding, or to eliminate restrictive debt covenants. Pooled financings with other government agencies will be considered, as appropriate.

There are many different types of long-term debt instruments available. Depending on the specific circumstances, the City will consider using the following types of financing instruments:

- a. **General Obligation Bonds** - Bonds backed by the full faith and credit of the City. The taxing power may be an unlimited ad valorem tax or a limited tax, usually on real estate and personal property. A special rate is incorporated in the property tax bill annually to pay for debt service. A two-thirds voter approval is required for authorization. Because it is secured by an unlimited tax levy, this structure has strong marketability and lower interest costs.
- b. **Revenue Bonds** - Bonds are secured by revenues generated by the facility that is financed or by dedicated user fees. Voter approval may or may not be required. Planning is more complex because costs and revenues affect each other. Credit enhancement (e.g., insurance or letter of credit) may be needed because of the limited source of debt service payment.
- c. **Certificates of Participation** - The City enters into a lease agreement with another party (a lessor, such as a joint powers authority) to lease an asset over a defined period of time at a prearranged annual payment. Voter approval is generally not required. Lease payments are made primarily from general fund revenues. Current law requires the lessee to make lease payments only if the facility has beneficial use. The legislative body has to appropriate annual debt service payments. For the security of the bondholders, a reserve fund is normally established and held by a trustee until all bonds are paid. Interest during project construction must be capitalized. An “asset transfer” structure, whereby an existing facility is used as security to finance construction or acquisition of another project, may be used for flexibility.
- d. **Tax Allocation Bonds** - Bonds are secured by property tax increment (property taxes generated on assessed value in excess of the frozen property tax base) in a redevelopment project area. These bonds are issued to promote economic development. Voter approval is not required.
- e. **Assessment Bonds** - Bonds are issued to develop facilities and basic infrastructure for the benefit of properties within the assessment district. Assessments are levied on properties benefited by the project. Voter approval is not required. Instead, a majority vote of the property owners with a majority of assessments is needed to authorize the issue. The issuer’s recourse for non-payment is foreclosure. This type of bond is normally not rated. The bonds may be issued under the provisions of the 1911, 1915 or Mello-Roos Bond Act, whichever is most appropriate.

- f. **Master Lease Agreements** - The City enters into a lease agreement with a provider to lease equipment or facilities whose useful life is too short to finance with long-term debt. Various pieces and types of real and personal property from different vendors over a period of time can be acquired under one master lease agreement. Interest can be fixed or tied to an index. Financing costs are normally minimal, but the interest cost may be higher than with other instruments.
- g. **Vendor-Financed Leases** - A vendor of equipment acts as the lessor and investor, and holds the lease for its full term or may assign the lease. The motivating factor to the vendor is usually to encourage future sales of its product.
- h. **Marks-Roos Bonds** - Bonds are issued by a joint powers authority to buy other bond issues. By pooling bond issues, marketability can be improved and administration costs are reduced.
- I. **Bond Anticipation Notes** - Notes are issued to provide temporary financing, to be repaid by long-term financing. The bridge financing has a maximum maturity of three years

(Adopted by the City Council on May 7, 1996, revised and readopted by Council on July 8, 1998)

# **Glossary of Budget Terms**

## **5-year Forecast**

The Budget Office's long-range projection of revenues and expenditures. The Budget Office updates the forecast three times a year.

## **Appropriation**

An authorization by the City Council to make expenditures and to incur obligations for a specific purpose within a specific time frame.

## **Assessed Valuation**

A dollar value placed on real estate or other property by Alameda County as a basis for levying property taxes.

## **Assigned Revenue**

Under expenditure control budgeting, a department's base budget will increase when revenues assigned to the department increase. Likewise, a decrease in the assigned revenues may decrease the department's base budget (the amount the department can spend that year).

## **Administrative Systems Group (ASG)**

Administrative Systems Group includes the City Manager's Office, City Attorney's Office, City Clerk's Office, Finance, Human Resources and Information Systems.

## **Audit**

Scrutiny of the City's accounts by an independent auditing firm to determine whether the City's financial statements are fairly presented in accordance with generally accepted accounting principles.

## **Base Budget**

Under traditional budgeting, the base budget is that amount carried over from one year to the next. Each year, approved amounts are added to the base budget. Under expenditure control budgeting, the base budget is that which will be adjusted using an inflationary index approved by Council.

## **Beginning Balance**

Unencumbered resources available in a fund from the prior fiscal year after payment of prior fiscal year expenditures.

## **Bond**

Capital raised by issuing a written promise to pay a specified sum of money, called the face value or principal amount, with interest at predetermined intervals.

## **Budget**

A fiscal plan of financial operation listing an estimate of proposed applications or expenditures and the proposed means of financing them. The budget must be approved by the City Council prior to the beginning of the fiscal year.

**Capital Improvement Program (CIP) and Integrated Capital Assets Plan (ICAP)**

The five-year financial plan for improving assets and integrating debt service and capital assets maintenance, adopted in a separate budget document and updated every three years.

**Certificates of Participation (COPs)**

A lending agreement secured by a lease on the acquired asset or other assets of the City.

**City Manager's Contingency**

An account, used at the discretion of the City Manager, to fund emergency or extraordinary items.

**Consumer Price Index (CPI)**

An indicator of inflation, used in some salary-increase calculations.

**Community Services Team (CST)**

Community Services Team includes Development and Environmental Services, Police, Fire, Economic Development, Human Services, Maintenance & Recreation, and Office of Neighborhoods.

**Debt Service**

Payment of the principal and interest on an obligation resulting from the issuance of bonds, notes, or certificates of participation (COPs).

**Deficit**

An excess of expenditures over revenues (resources).

**Department**

An organizational unit comprised of divisions or functions. It is the basic unit of service responsibility encompassing a broad mandate of related activities.

**Designated Fund Balance**

The portion of fund balance segregated to reflect the City Council's intended use of resources.

**Encumbrances**

A legal obligation to pay funds for expenses yet to occur, such as when a purchase order has been issued but the related goods or services have not yet been received. They cease to be encumbrances when the obligations are paid or terminated.

**Enterprise Fund**

A type of fund established for the total costs of those governmental facilities and services which are operated in a manner similar to private enterprise. These programs are entirely or predominantly self-supporting. The City has a number of enterprises such as the Development Cost Center, the

Recreation Services Cost Center, and the Senior Center. Also referred to as Proprietary Funds.

**Expenditure**

The actual spending of governmental funds.

**Fiscal Year**

A twelve-month period of time to which a budget applies. In Fremont, it is July 1 through June 30.

**Fund**

An independent fiscal and accounting entity with a self-balancing set of accounts, used to record all financial transactions related to the specific purpose for which the fund was created.

**Fund Balance**

The difference between fund assets and fund liabilities.

**Gann Limit**

State of California legislation that limits a City's appropriations growth rate to changes in population and either the change in California per capita income or the change in the local assessment roll due to non-residential new construction.

**General Fund**

The primary fund of the City used to account for all revenues and expenditures of the City not legally restricted as to use. This fund is used to accumulate the cost of the City's general operations.

**General Obligation Bond**

Bonds backed by the full faith and credit of the City, used for various purposes and repaid by the regular revenue raising powers (generally property taxes) of the City.

**Grant**

Contributions or gifts of cash or other assets from another governmental entity or foundation to be used or expended for a specific purpose, activity, or facility. An example is the Community Development Block Grant provided by the federal government.

**Interfund Transfers**

Moneys transferred from one fund to another, such as from a fund receiving revenue to the fund through which the resources are to be expended.

**Local Improvement District (LID) Bonds**

Bonds paid for by special assessments on benefiting property owners for specific capital improvements.

**Materials, Supplies and Services**

Expenditures for items which are ordinarily consumed within a fiscal year.

**Memoranda of Understanding (MOUs)**

The result of labor negotiations between the City of Fremont and its various bargaining units.

**Non-departmental**

Appropriations of the General Fund not directly associated with a specific department. Expenditure items and certain types of anticipated general savings are included.

**Object Code**

The line item where a revenue or expenditure is recorded.

**Objectives**

The expected results or achievements of a budget activity.

**Operating Budget**

Annual appropriation of funds for ongoing program costs, including salaries and benefits, services and supplies. This is the primary means by which most of the financing, acquisition, spending and service delivery activities of the City are controlled. Reserves and contingencies are also components of Fremont's annual budget.

**Ordinance**

A formal legislative enactment by the City Council. It has the full force and effect of law within the City boundaries.

**Overhead**

Charged to various funds to cover the cost of administrative services, rent, custodial services, etc.

**Proprietary Funds**

Revenues from City of Fremont activities that operate as public enterprises. Revenues derive from fees charged to users, and the programs are largely cost-covering. Also referred to as Enterprise Funds.

**Public Employees' Retirement System (PERS)**

The retirement system, administered by the State of California, to which all permanent City employees belong.

**Reserved Fund Balance**

Accounts used to record a portion of the fund balance as legally segregated for a specific use or not available for appropriation.

**Resolution**

A special order of the City Council which has a lower legal standing than an ordinance.

**Salaries and Benefits**

A budget category which generally accounts for full-time and temporary employees, overtime and all employee benefits, such as medical, dental, and retirement.

**Hotel/Motel Tax**

A tax imposed on travelers who stay in temporary lodging facilities within the City. Also referred to as a Transient Occupancy Tax.

**Transfers In and Transfers Out**

Movement of revenue out of one fund to another. The recipient fund uses the money to cover the cost of services provided (such as when the General Fund transfers money to the Recreation Cost Center) or to cover the cost of a contract between two funds (such as when the General Fund transfers money to the Development Cost Center).





# Gann Limit

Article XIII B of the California Constitution (enacted with the passage of Proposition 4 in 1979 and implemented by SB352, Chapter 1205 of the 1980 statutes with modifications under Proposition 111 passed in June 1990 and implemented by SB88, Chapter 80 of the 1990 statutes) provides the basis for the Gann appropriation limitation. In brief, the City's appropriations growth rate is limited to changes in population and either the change in California per capita income or the change in the local assessment roll due to non-residential new construction.

The formula to be used in calculating the growth rate is:

$$\begin{array}{c} \frac{\% \text{ change in population} + 100}{100} \\ \text{times} \\ \text{either} \\ \frac{\% \text{ change in per capita income} + 100}{100} \\ \text{or} \\ \frac{\text{change in non-residential assessments} + 100}{100} \end{array}$$

The resultant rate times the previous appropriation limit equals the new appropriation limit.

Both the California per capita personal income price factor and the population percentage change factors are provided by the State Department of Finance to local jurisdictions each year. Population percentage change factors estimate changes in the City's population between January of the previous fiscal year and January of the current fiscal year. These numbers provide the factor to be used in the City's calculation of the Gann limit.

On May 1, 2002, the State Department of Finance notified each city of the population changes and the per capita personal income factor to be used in determining appropriation limits.

Using the change in per capita income method, the calculation as applied to the City of Fremont for 2002/03 is:

The population on January 1 of the previous year (207,169) compared to the population on January 1, 2002 (208,591), is 1,422 or a 0.6864% increase.

The change in the California Per Capita Income for 2002/03 is -1.2700%.

The factor for determining the year-to-year increase is computed as:

$$\frac{0.6864 + 100}{100} \quad \times \quad \frac{-1.2700 + 100}{100} \quad = \quad \underline{0.9941}$$

Applying this year's factor of 0.9941 to last year's limit of \$308,887,767, the Gann limit for Fiscal Year 2002/03 is \$307,065,329. Based on an operating budget of approximately \$121,186,000, Fremont is not at risk of exceeding the Gann limit. The Gann limit will be adopted by the City Council as part of the adoption of the FY 2002/03 operating budget.

**DRAFT****RESOLUTION NO. XXXX****A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT  
APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR  
JULY 1, 2002 THROUGH JUNE 30, 2003**

WHEREAS, a municipal budget for the fiscal year ending June 30, 2003, has been prepared by the City Manager; and

WHEREAS, the City Council has examined said budget and conferred with the City Manager and appropriate staff; and

WHEREAS, the City Council has, after conducting public hearings and after due deliberation and consideration, made such amendments in the City Manager's proposed budget as it considered desirable,

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Fremont as follows:  
Section 1:

The budget of the City of Fremont for the fiscal year July 1, 2002 through June 30, 2003, entitled "City of Fremont, 2002/03 Adopted Operating Budget," and which may be referred to as "the Budget" as amended, is hereby adopted and approved, a copy of which is on file in the office of the City Clerk.

Section 2:

The Chief Financial Officer, with the approval of the City Manager, is authorized to transfer appropriations as needed from savings available in any object account in the budget to other accounts to meet overall budget requirements.

Section 3:

The Chief Financial Officer is hereby authorized to cause to be transferred among various funds amounts designated as "Fund Transfers" in the budget, said transfers to be made in increments and at intervals determined by the Financial Services Director.

Section 4:

The City Council authorizes General Fund and other City funds reappropriation and carry forward of related balances to later fiscal years consistent with the needs of the City, as determined by the City Manager.

Section 5:

The City Council will make an appropriation prior to the end of FY 2002/03 of any departmental revenues received. Said appropriation is subject to the carryover provision of this resolution.

Section 6:

The Chief Financial Officer is instructed to use restricted funding sources in accordance with the funding sources' funding requirements prior to using funds with unrestricted resources in order to allow the City the greatest flexibility in meeting its financial obligations

Section 7:

With the adoption of the budget, each Councilmember is authorized \$7,000 and the Mayor is authorized \$12,500 for Council travel and expense reimbursement.

Section 8:

The City Council authorizes a sliding appropriation of funds sufficient to cover percentage fee contracts where the fee is tied to the recovery of sales tax, property tax or other revenues sources.

Section 9:

The City Council does hereby adopt and the Financial Services Director is instructed to implement all policies contained in the "Policies" section of the Budget.

ADOPTED \_\_\_\_\_, by the City Council of the City of Fremont by the following vote, to wit:

ATTEST:

\_\_\_\_\_  
Acting City Clerk

\_\_\_\_\_  
Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

**DRAFT**

**DRAFT****RESOLUTION NO. XXXX****A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT  
ESTABLISHING THE APPROPRIATIONS LIMIT FOR 2002/03 FOR THE CITY  
OF FREMONT**

WHEREAS, Article XIII B of the California Constitution, as implemented by Chapter 1205, Statutes of 1980, with modification under Proposition 111, passed by the voters of California in June 1990 and implemented by SBA 80, Statutes of 1990, specifies appropriations of governmental entities may increase by an amount not to exceed the change in populations and the change in either the California per capita income or the change in non-residential assessed valuation due to new construction within the City; and

WHEREAS, documentation used in the determination of the 2001/02 appropriations limit has been available to the public prior to City Council's determination in this matter, as required by Government Code Section 7910,

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Fremont, pursuant to the appropriations limit formula set forth by Government Code Section 7900-7913, does hereby establish the appropriations limit for 2001/02 for the City of Fremont as documented in in the Gann Limit section of the 2001/02 Operating Budget and found in the accompanying attachment, attached hereto and incorporated herein by reference as though fully set forth.

BE IT FURTHER RESOLVED, the City Council of the City of Fremont adopts as the adjustment factors for use in determining the 2002/03 appropriations limit the following:

Population Factor: The percentage change in the City's population from January 1 of the preceding year as provided in the State of California Department of Finance Price and Populations Data Information publication, dated May 1, 2000.

Inflation Factor: As determined by vote of the City Council, use the change in California per capita income as provided in the State of California Department of Finance Price and Population Data Information publication, dated May 1, 2001.

ADOPTED \_\_\_\_\_, by the City Council of the City of Fremont, by the following vote, to wit:

ATTEST:

\_\_\_\_\_  
Acting City Clerk

\_\_\_\_\_  
Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

**DRAFT**

**DRAFT**

**RESOLUTION NO. XXX**

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF  
FREMONT APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR  
JULY 1, 2002 THROUGH JUNE 30, 2003

WHEREAS, an Agency budget for the fiscal year ending June 30, 2003, has been prepared by the Executive Director; and

WHEREAS, the Agency Board has examined said budget and conferred with the Executive Director and appropriate staff; and

WHEREAS, the Agency Board has, after conducting public hearings and after due deliberation and consideration, made such amendments in the Executive Director's proposed budget as it considered desirable,

NOW, THEREFORE, BE IT RESOLVED, by the Agency Board of the Redevelopment Agency of the City of Fremont as follows:

Section 1:

The budget of the Redevelopment Agency of the City of Fremont for the fiscal year July 1, 2002 through June 30, 2003, attached hereto and which may be referred to as "the Redevelopment Budget" as amended, is hereby adopted and approved, a copy of which is also on file in the office of the City Clerk.

Section 2:

The Chief Financial Officer, with the approval of the Executive Director, is authorized to transfer appropriations as needed from savings available in any object account in the Agency's budget (other than the accounts of Affordable Housing) to other accounts to meet overall budget requirements. Likewise, the Chief Financial Officer, with the approval of the Executive Director, is authorized to transfer appropriations as needed from savings available in any object account in the Agency's Affordable Housing budget to other accounts to meet overall budget requirements.

Section 3:

The Chief Financial Officer is hereby authorized to cause to be transferred among Redevelopment funds and operating funds amounts designated as "Fund Transfers" in the budget, said transfers to be made in increments and at intervals determined by the Chief Financial Officer. The Chief Financial Officer is hereby authorized to cause Redevelopment funds to be restructured as needed to meet accounting requirements and provide financial reports in an efficient manner as possible.

Section 4:

The Agency Board authorizes reappropriation and carry forward of unspent appropriations for Redevelopment Agency projects and programs to later fiscal years consistent with the purposes of Redevelopment, as determined by the Chief Financial Officer.



Section 5:

The Agency intends to issue bonds and incur debt during fiscal year 2002/03 and beyond for purposes of Redevelopment. These include satisfying obligations contained in the fiscal and facilities agreements reached with other taxing entities during the course of merging the four Redevelopment project areas, for projects contained in the Five-Year Implementation Plan, as amended, and for other purposes of Redevelopment approved by the Agency Board.

Section 6:

The Agency Board does hereby adopt and the Chief Financial Officer is instructed to implement all policies contained in the "Policies" section of the City of Fremont Budget as related to the Redevelopment Agency of the City of Fremont.

Section 7:

The Housing Fund's planning and administrative expenses incorporated into the Agency's FY 2002/03 Budget are necessary for the implementation of the Housing Division work program.

ADOPTED \_\_\_\_\_, by the Redevelopment Agency of Fremont by the following vote, to wit:

ATTEST:

\_\_\_\_\_  
Agency Secretary

\_\_\_\_\_  
Agency Chairman

APPROVED AS TO FORM:

\_\_\_\_\_  
Agency Counsel

**DRAFT**